(18)

No. 02-428-CFX Title: Dastar Corporation, Petitioner
v.
Twentieth Century Fox Film Corporation, et al.

Docketed: September 18, 2002 Court: United States Court of Appeals for the Ninth Circuit

Entry	Date	Proceedings and Orders
	Sep 11 2002	Petition for writ of certiorari filed. (Response due November 18, 2002)
	Oct 3 2002	Order extending time to file response to petition until November 18, 2002.
	Oct 3 2002	This extension is granted for all respondents.
	Nov 18 2002	Brief of respondents Twentieth Century Fox Film Corporation, et al. in opposition filed.
	Nov 18 2002	Brief amici curiae of Malla Pollack and Law Professors filed.
	Nov 29 2002	Reply brief of petitioner Dastar Corporation filed.
	Dec 4 2002	DISTRIBUTED for Conference of January 10, 2003
	Jan 10 2003	Petition GRANTED. Brief of petitioner is to be filed with the Clerk and served upon opposing counsel on or before 3 p.m., February 14, 2003. Brief of respondent is to be filed with the Clerk and served upon opposing counsel on or before 3 p.m., March 10, 2003. A reply brief, if any, is to be filed with the Clerk and served upon opposing counsel on or before 3 p.m., March 24, 2003. Rule 29.2 does not apply. Justice Breyer OUT. SET FOR ARGUMENT April 2, 2003. **********
	Jan 31 2003	Record filed.
	Feb 4 2003	Record filed.
	Feb 13 2003	Joint appendix filed.
	Feb 13 2003	Supplemental joint appendix filed.
	Feb 13 2003	Brief of petitioner Dastar Corporation filed.
	Feb 14 2003	Brief amici curiae of Malla Pollack and Law Professors filed.
	Feb 14 2003	Brief amicus curiae of United States filed.
	Feb 14 2003	Brief amicus curiae of Intellectual Property Law Professors filed.
	Feb 14 2003	Brief amicus curiae of International Trademark Association filed.
	Feb 14 2003	Brief amici curiae of American Library Association, et al. filed.
	Feb 14 2003	Brief amicus curiae of American Intellectual Property Law Association filed.
	Feb 14 2003	JOINT LODGING consisting of ten sets each of the following series: Campaigns in Europe, (box set of seven tapes) submitted on behalf of the petitioner, and Crusade in Europe, (box set of six tapes) submitted by counsel for the respondents.
	Feb 19 2003	CIRCULATED.
	Feb 21 2003	Motion of Solicitor General for leave to participate in oral argument as amicus curiae and for divided argument filed.

No. 02-428-CFX

Entry	Date	Proceedings and Orders
	Mar 3 2003	Motion of Solicitor General for leave to participate in oral argument as amicus curiae and for divided argument GRANTED. Justice Breyer OUT.
	Mar 10 2003	Brief amici curiae of Association for Competitive Technology, et al. filed.
	Mar 10 2003	Brief amici curiae of Directors Guild of America, et al. filed.
	Mar 10 2003	Brief of respondents Twentieth Century Fox Film Corporation, et al. filed.
	Mar 24 2003	Reply brief of petitioner Dastar Corporation filed.
	Apr 2 2003	ARGUED.

Supreme Court, U.S.
FILED

No. 02-__02 428 SEP 11 2002

OFFICE OF THE CLERK

IN THE

Supreme Court of the United States

DASTAR CORPORATION,
Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORPORATION,
SFM ENTERTAINMENT LLC, and
NEW LINE HOME VIDEO INC.,
Respondents.

Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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PETITION FOR A WRIT OF CERTIORARI

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BEST AVAILABLE COPY

QUESTIONS PRESENTED

1. Does the Lanham Act protect creative works from uncredited copying, even without a likelihood of consumer confusion?

2. May a court applying the Lanham Act award twice the defendant's profits for purely deterrent purposes?

RULE 29.6 STATEMENT

Dastar Corporation is the sole petitioner. No publicly held company owns ten percent or more of the corporation's stock.

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Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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PETITION FOR A WRIT OF CERTIORARI

Dastar Corporation respectfully petitions for a writ of certiorari to review the judgment of the United States Court of Appeals for the Ninth Circuit in this case.

OPINIONS BELOW

The unpublished memorandum disposition of the court of appeals is available at 34 Fed. Appx. 312 and 2002 WL 649087. (App. A at 1a-6a.) The decisions of the district court are unreported. (App. B at 7a-29a; App. C at 30a-55a.)

JURISDICTION

The court of appeals denied Dastar's petition for rehearing on June 13, 2002. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1) (2000).

STATUTORY PROVISIONS INVOLVED

1. The statute relevant to Question 1 is section 43(a)(1) of the Lanham Act, 15 U.S.C. § 1125(a)(1) (2000), which provides:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or misleading representation of fact, which—
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
>
> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,
>
> shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.

2. The statute relevant to Question 2 is section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a) (2000), which provides:

> When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, or a violation under section 1125(a), (c), or (d) of this title, or a willful violation under 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover

> (1) defendant's profits, (2) any damages sustained by plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

STATEMENT

1. Introduction and Summary

In 1981, the Ninth Circuit created—more or less from whole cloth—a new cause of action under the Trademark Act of July 5, 1946, commonly known as the Lanham Act. In *Smith v. Montoro*, 648 F.2d 602 (9th Cir. 1981), the court held that a motion picture distributor had, by deleting an actor's name from the film's credits and substituting the name of another, made a "false designation of origin" within the meaning of section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). At that time, the Lanham Act had long been read to prohibit producers of merchandise from "passing off" their goods by attaching the name or trademark of another manufacturer. *Montoro*, 648 F.2d at 604. With less frequency, the courts had also recognized "reverse passing off," in which the defendant sells a manufactured item as his own after removing the actual manufacturer's name or mark.

Id. at 605. Improperly removing credit for an actor in a movie, the court in *Montoro* reasoned, was a similar kind of "reverse passing off." In each case, the origin of the product had been falsely designated. *Id.* at 606-07.

In the more than twenty years since *Montoro*, cases barring removal of credits from creative works have multiplied across the country. Perhaps not surprisingly, this novel requirement has enjoyed anything but uniform application by the courts of appeals.

This petition presents two issues on which the courts of appeals have sharply divided.

The first is whether liability under this Lanham Act doctrine depends solely on the extent to which a defendant has copied the plaintiff's work or whether it depends on consideration of the traditional marketplace factors designed to measure the likelihood of consumer confusion.

The second is whether monetary relief may be awarded and enhanced purely as a deterrent to further infringement—even when the plaintiff suffered no harm—or whether some compensatory purpose must be served by the award.

In addition to those two conflicts, this case raises the important question of how to reconcile laws protecting intellectual property with the first amendment and the patent and copyright clause of the Constitution. In this regard, the current petition is directly related to a case soon to be argued before this Court, *Eldred v. Ashcroft*, No. 01-618, and it raises, in a copyright rather than patent context, a question that this Court reserved last Term: whether the Lanham Act can extend the term of intellectual property protection granted under the patent and copyright clause of the Constitution. *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 35 (2001).

2. Background of the Case

In the late 1940s, respondent Twentieth Century Fox ("Fox") retained Time, Inc. to produce a television series about World War II. (Time, which was not a party below, assigned its copyright in this television series to Fox.) The series, titled *Crusade in Europe*, was based on a book written by General Dwight Eisenhower and published in 1948 by Doubleday.

When the time came in the 1970s to renew the copyright in the television series, Fox failed to do so. Doubleday did purport to renew the copyright in General Eisenhower's memoirs in its own name, claiming that his book was a work for hire.

In the 1990s, another respondent, New Line, began distributing a videocassette series that incorporated much of the Fox/Time television series under sublicense from Fox. Some time later, with the Fox/Time series now in the public domain, Dastar obtained a copy of the 1940s television series and produced and released a competitive videocassette version of it. Dastar's version, called *Campaigns in Europe*, was a bit more than half as long as the television series, and nearly an hour shorter than the New Line videocassettes. Dastar's product contained about thirty minutes of new footage, including a new narrated opening title sequence and new narrated chapter heading sequences. Dastar also modified the order of the footage from the television series. (App. C at 45a.) Dastar's credits listed only the Dastar staff who actually produced the Dastar series; they did not mention Fox, New Line, or SFM Entertainment LLC, the remaining respondent.

In response to the distribution of Dastar's series, respondents sued, asserting two principal claims. One was that Dastar had violated the Lanham Act as interpreted in *Montoro*. Respondents argued that Dastar could not lawfully distribute its videocassettes without giving credit to those

involved in the New Line videocassettes. The failure to give credit, respondents argued, constituted a "false designation of origin" under the Lanham Act. Respondents' other claim alleged infringement of the copyright in General Eisenhower's book (not the expired copyright in the television series).

3. Proceedings Below

a. District Court

The United States District Court for the Central District of California rendered two decisions for respondents: the first granted summary judgment against Dastar on liability (App. C at 46a-54a), and the second assessed monetary relief after a trial (App. B at 22a-27a.)

The district court granted summary judgment for respondents as to liability under the Lanham Act. The court held that, notwithstanding its substantial differences, Dastar's series was a "bodily appropriation" of the New Line videos, and that Dastar's failure to "credit" respondents constituted reverse passing off in violation of the Act. (App. C at 51a-53a.) At the remedies trial, respondents presented no evidence that they were damaged. Nevertheless, the court awarded respondents an amount equal to Dastar's profits from its videos, approximately $783,000. (App. B at 27a.)

Declaring that the Lanham Act authorized it "to treble or otherwise increase an award of defendants' profit in order to deter future infringing conduct," the district court doubled its award on the ground that Dastar's violation of the Lanham Act was willful. (App. B at 27a.) The result was an award substantially in excess of Dastar's entire gross revenue from its videos, about $875,000. (App. B at 22a.)

In a ruling that the Ninth Circuit later reversed, the district court also granted summary judgment holding Dastar liable for copyright infringement. The court held that respondents

could enforce rights under Doubleday's asserted copyright in General Eisenhower's book because he had written it as a work for hire. (App. C at 46a-50a.) As damages on the copyright claim, the court awarded respondents their choice of Dastar's full profits ($783,000 again) or maximum statutory damages of $150,000. (App. B. at 24a.)

b. Court of Appeals

The Ninth Circuit affirmed in part and reversed in part. The court found disputed evidence as to whether General Eisenhower's memoirs were a work for hire. Because respondents' copyright claim hinged on this issue, the court reversed in its entirety the grant of summary judgment on that claim, and remanded it for trial. (App. A at 2a-3a.)

On the Lanham Act claim, in contrast, the Ninth Circuit affirmed across the board, and its final resolution of that claim will not be affected by trial of the remanded copyright claim. In a holding entirely independent of any alleged copyright violation, the court concluded that Dastar was liable for reverse passing off because its product "bodily appropriated" the original series without attribution to respondents. (App. A at 3a.) It rejected Dastar's argument that liability required a showing of likely consumer confusion about the source of its videos. The court found proof of likely confusion unnecessary "because the 'bodily appropriation' test subsumes the 'less demanding "consumer confusion" standard.'" (App. A at 3a-4a.)

Finally, the court of appeals affirmed the district court's award under the Lanham Act of *twice* the amount of Dastar's profits, concluding that the award may be made and then doubled "in order to deter future infringing conduct by Dastar—a permissible ground under the Lanham Act." (App. A at 4a.) The court ordered a double disgorgement of profits based on Dastar's copying of the videos without attribution—even though the television series from which Dastar had derived its product was in the public domain.

REASONS FOR GRANTING THE PETITION

The decision of the Ninth Circuit deepens two conflicts among the circuits. First, by basing liability under the Lanham Act on "bodily appropriation" of the original series, the Ninth Circuit diverges from other circuits, some of which impose liability based on whether the two works are substantially similar and others of which rely on the traditional multi-factor test designed to examine whether omission of credits has caused a likelihood of consumer confusion. This conflict is sharp, acknowledged, and longstanding.

Second, by holding that deterrence alone justifies the district court's decision both to make and to double an award of profits, the Ninth Circuit's decision further widens the gulf between those circuits that approve monetary awards under the Lanham Act for purposes of deterrence and those that insist that they must rest on a compensatory basis.

These issues are of great importance. They implicate two constitutional issues on which this Court has recently granted *certiorari*. The first, reserved last Term in *TrafFix Devices*, is the scope of Congress's authority to supplement its patent and copyright power through the commerce clause. The obligations imposed by the Ninth Circuit apply even when the underlying work is no longer, or never was, protected by copyright. (Indeed, an author protected by copyright will have no difficulty demanding adequate credit in exchange for licensing those who want to copy the work, and does not require additional leverage under the Lanham Act.) The *Montoro* doctrine thus gives authors eternal protection against uncredited copying of their work, in a manner inconsistent with the durational limitation imposed by the patent and copyright clause.

The second constitutional issue, before the Court this Term in *Eldred v. Ashcroft*, concerns the role of the first

amendment in construing intellectual property law. The Ninth Circuit here imposed a penalty on Dastar for failure to include ill-defined, government-mandated "credits" in its video series. This requirement heavily burdens those who wish free access to the public domain, both as listeners and as speakers.

I. THE NINTH CIRCUIT'S "BODILY APPROPRIATION" TEST CONFLICTS WITH THE APPROACHES OF OTHER CIRCUITS.

A. The Conflict

The Ninth Circuit's reliance on "bodily appropriation" as a basis for Dastar's liability perpetuates a longstanding and well-recognized conflict between the Ninth Circuit and other circuits in "reverse passing off" cases. In the Ninth Circuit, liability under the *Montoro* doctrine is automatic if the derivative work is a "bodily appropriation" of the original and does not give appropriate credit to the creator of the original. *Cleary v. News Corp.*, 30 F.3d 1255, 1267 (9th Cir. 1994); *Shaw v. Lindheim*, 919 F.2d 1353, 1364 (9th 1990).

Other circuits disagree. The Second Circuit has criticized the "bodily appropriation" test, favoring instead a requirement that the two works show "substantial similarity." *Waldman Publ'g Corp. v. Landoll, Inc.*, 43 F.3d 775, 784 (2d Cir. 1994). "[T]he Ninth Circuit has held that in the context of reverse passing off, consumer confusion is caused only by the false designation of works that are 'bodily appropriations' of the originals. . . . We see no reason for such a bright-line rule." *Id.* (citations to *Shaw* and *Cleary* omitted).

This is not a glancing or casual conflict. The Ninth Circuit embraced the "bodily appropriation" standard deliberately—and with the clear understanding that it entailed a rejection of

the separate "substantial similarity" test.[1] Numerous courts have since recognized the conflict. *See, e.g., Montgomery v. Noga*, 168 F.3d 1282, 1299 n.27 (11th Cir. 1999) (noting distinct Ninth and Second Circuit tests); *Campbell v. Osmond*, 917 F. Supp. 1574, 1583 (M.D. Fla. 1996) (rejecting the Ninth Circuit test because "this Court finds the rationale in *Waldman* more persuasive than *Shaw*"); *Robinson v. New Line Cinema Corp.*, 42 F. Supp. 2d 578, 597 n.31 (D. Md. 1999) (recognizing "the split between the Ninth Circuit . . . the Second Circuit" in *Shaw* and *Waldman*), *rev'd mem.*, 211 F.3d 1265 (4th Cir. 2000).

As the conflict has festered, a third approach has emerged —or, more properly, reemerged. Some courts are "rejecting any requirement of either bodily appropriation or substantial similarity and focusing instead on likelihood of confusion." *Montgomery*, 168 F.3d at 1299 n.27 (citing *Debs v. Meliopoulos*, No. Civ. 1:90-CV-939-WCO, 1993 WL 566011, at **12-13 (N.D. Ga. Dec. 18, 1991)).

The Sixth Circuit, for example, does not treat "bodily appropriation" as a proxy for likely consumer confusion in reverse passing off cases. In *Murray Hill Publications, Inc. v. ABC Communications, Inc.*, 264 F.3d 622 (6th Cir. 2001), the defendant incorporated a full performance of the plaintiff's song into its own recording without providing credit to the plaintiff. The Sixth Circuit nonetheless found no Lanham Act violation, relying on the plaintiff's failure to present "any evidence of consumer confusion." *Id.* at 634.

The same is true in the Eleventh Circuit. In *Lipscher v. LRP Publications, Inc.*, 266 F.3d 1305 (11th Cir. 2001), the plaintiff was a jury verdict reporter whose reports were obtained surreptitiously and incorporated into a competitor's verdict service without proper credit. Despite this direct

[1] *See Litchfield v. Spielberg*, 736 F.2d 1352, 1358 (9th Cir. 1984); *Lamothe v. Atl. Recording Corp.*, 847 F.2d 1403, 1405 n.1 (9th Cir. 1988).

"bodily appropriation," the Eleventh Circuit ruled that examination of all factors supported the lower court's conclusion that there was no likelihood of confusion. *Id.* at 1313. The Eleventh Circuit specifically held that great product similarity alone does not suffice to establish likelihood of confusion. *Id.* at 1313-14.

The Fifth Circuit likewise declines to follow the Ninth. *See King v. Ames*, 179 F.3d 370, 374 (5th Cir. 1999) (no reverse passing off absent evidence that improper credit affected purchasers); *Batiste v. Island Records, Inc.*, 179 F.3d 217, 225 (5th Cir. 1999) (no reverse passing off absent consumer confusion from improper credits). *See also PS Promotions, Inc. v. Stern*, 2000-1 Trade Cas. (CCH) ¶ 72,827, at 87,093-97 (N.D. Ill. Mar. 8, 2000) (applying multi-factor analysis to *Montoro*-style claim).

This third approach represents nothing less than the reemergence of traditional Lanham Act jurisprudence. Section 43(a)(1) of the Act says nothing about bodily appropriation or substantial similarity. As the Ninth and Second Circuits have conceded, these concepts were borrowed from copyright doctrine.[2] The Lanham Act, in contrast, prohibits false designations of origin only if they are "likely to cause confusion, or to cause mistake, or to deceive as to . . . the origin" of the goods. 15 U.S.C. § 1125(a)(1)(A). Unlike the Ninth Circuit, the courts that focus on likelihood of confusion recognize the continuing validity of this statutory requirement. Their decisions measure likelihood of confusion by reference to trademark law's traditional set of

[2] *See Cleary*, 30 F.3d at 1261 (borrowing bodily appropriation standard from "the copyright context"); *Waldman*, 43 F.3d at 783 (applying substantial similarity standard "essentially" the same as that "used to show copyright infringement").

non-exclusive factors.[3] Commentators agree with this multi-factor approach in "reverse passing off" cases.[4]

The differences among the three tests can be crucial. In some cases, the Ninth Circuit's single-minded focus on bodily appropriation favors defendants. But not always. As the cases cited above from other circuits demonstrate, the traditional multi-factor analysis may show no likelihood of confusion even where there had been a bodily appropriation of the underlying work. Because the Ninth Circuit held that the bodily appropriation obviated any further inquiry into confusion, Dastar was deprived of an opportunity to present a strong defense that defendants in other circuits would be allowed: that few if any consumers know or care who distributed the New Line videos, and that not a single consumer has been confused. In such circumstances, the absence of a credit for respondents can hardly be "likely to cause confusion, or to cause mistake, or to deceive" consumers. 15 U.S.C. § 1125(a)(1).

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[3] As set forth in the seminal case of *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492 (2d Cir. 1961), the factors include "the strength of [the plaintiff's] mark, the degree of similarity between the two marks, the proximity of the products, the likelihood that the prior owner will bridge the gap, actual confusion, and the reciprocal of defendant's good faith in adopting its own mark, the quality of defendant's product, and the sophistication of the buyers." *Id.* at 495. No one factor is given conclusive weight; rather, there must be "a consideration of numerous factors to determine whether under all the circumstances there is a likelihood of confusion." *SquirtCo v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980).

[4] *See, e.g.*, John T. Cross, *Giving Credit Where Credit is Due: Revisiting the Doctrine of Reverse Passing Off in Trademark Law*, 72 Wash. L. Rev. 709, 736-43 (1997); Randolph Stuart Sergent, *Building Reputational Capital: The Right of Attribution Under Section 43 of the Lanham Act*, 19 Colum.-VLA J.L. & Arts 45, 63-64 (1995); Joseph H. Golant & Jodi M. Solovy, *Discrimination Against Authors and Artists—The Ninth Circuit and Section 43(a)*, 33 Beverly Hills B.J. 35, 39-42 (2000).

If *Montoro* deserves any vitality, it must depend on the notion that failure to credit the creator of the underlying work has caused confusion that will significantly diminish the creator's reputation, e.g., here, that consumers will be less likely to view other films or programs distributed by respondents if they are deprived of the information that respondents were involved with the New Line videos. All the evidence—were it considered—would show that this information would add nothing to respondents' overall reputation. Exploration of this issue, however, was foreclosed by the Ninth Circuit's standard.

B. The Conflict Is Important.

1. The significance of the error

The divergence among the circuits demonstrates the folly of creating a cause of action so far removed from any statutory basis. Commentators have recognized that "reverse passing off" has little or no basis in the Act or in policy. *See, e.g.*, Cross, *supra* note 4, at 737-42.

Montoro substantially overplays this already weak hand. First, the Lanham Act is intended to prevent public confusion as to the source or sponsorship of goods or services. *See* 15 U.S.C. § 1125(a)(1)(A). Yet, in applying its *Montoro* doctrine, the Ninth Circuit is less concerned with preventing actual confusion or deception than with protecting creative works from what the court considers "misappropriation."[5]

Second, the *Montoro* rule has the real-world effect of greatly extending the Copyright Act's limited term of protection for creative works, even though perpetual

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[5] *See, e.g., Montoro*, 648 F.2d at 607 ("As a matter of policy, such conduct . . . is wrongful because it involves an attempt to misappropriate or profit from another's talents and workmanship."); *Summit Mach. Tool Mfg. Corp. v. Victor CNC Sys.*, 7 F.3d 1434, 1437 (9th Cir. 1993); *Lamothe*, 847 F.2d at 1406-07.

constraints on copying have little or nothing to do with the Lanham Act's prohibition on "false designation" of the "origin" of goods or services. While, in theory, the *Montoro* rule is not directed at copying *per se*, the practical and intended effect of the rule is to prevent what copyright law permits and encourages—the unfettered use of public domain works. Thus, in this case, the district court ordered the double disgorgement of all of Dastar's profits because it had failed to give proper credits, even though the court had already found that the profits were entirely attributable to Dastar's use of purportedly copyrighted literary material from General Eisenhower's book and nothing else. (App. B at 23a.) This reasoning conflates the Lanham Act's concern for confusion about source with the Copyright Act's concern for who benefits from the exploitation of protected works. In this environment, the risk of double or even treble disgorgements of profits is a strong deterrent to *any* use of public domain works.

The chilling effect on copying derives from the inherent ambiguity of the *Montoro* rule on the question of who is entitled to attribution, and in what form. Giving credit where credit is eventually determined to be due is not a simple matter. *Montoro* involved the substitution of a credit for a *single* actor in a movie. The Ninth Circuit subsequently held that providing a *partial* list of a song's coauthors is as bad as providing a false list. *Lamothe v. Atl. Recording Corp.*, 847 F.2d 1403, 1406-07 (9th Cir. 1988). One is left to ask how long a list is required to satisfy this judicially mandated credit requirement. In the case of a movie or television production, would it include studio musicians, or cameramen, or former rightsholders? Only time, and far more litigation, will tell.

Moreover, anyone who chooses to make use of public domain material faces a quandary as to how to craft credits that attribute a modified product to the original creators so as to avoid charges of reverse passing off, while including

sufficient disclaimers of *lack* of association to avoid claims of *direct* passing off by persons claiming that use of their names in derivative works traded on their goodwill. *Cf. Gilliam v. Am. Broad. Cos.*, 538 F.2d 14, 24 (2d Cir. 1976) (broadcasting heavily edited version of *Monty Python's Flying Circus* without appropriate disclaimer that authors had not approved editing amounted to violation of section 43(a)). Rather than steer between this Scylla and Charybdis, the only safe course is simply not to use the public domain material—a result contrary to the policies of the Copyright Act as well as the patent and copyright clause and the first amendment.

In such cases, the prevention of copying through the Lanham Act is not an incidental effect; it is the purpose of the suit. Respondents' Lanham Act claim is an adjunct to a flawed copyright claim based on General Eisenhower's underlying memoirs. It is designed to prevent use of the 1940s television series in competition with respondents, not to secure public acknowledgment of any roles they played. Indeed, as some courts have candidly recognized, the *Montoro* line of cases is in fact a judge-made supplement to the Copyright Act.[6] The adverse effects of borrowing a standard such as "bodily appropriation" from copyright law to apply section 43(a)(1) of the Lanham Act demonstrate the wisdom of this Court's determination that the two distinct areas of intellectual property law should be kept separate.[7]

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[6] For example, the Second Circuit reasoned that if its "adoption of the 'substantial similarity' test in the context of reverse passing off were not the rule, the principle of copyright that denies protection to ideas, concepts, and processes would become a dead letter . . . . We do not think Congress intended that an obscure corner of the Lanham Act should be interpreted to nullify a fundamental precept of the Copyright Act." *Attia v. Soc'y of N.Y. Hosp.*, 201 F.3d 50, 60 (2d Cir. 1999).

[7] Although there is a "historic kinship between patent law and copyright right law," the Court has "consistently rejected the proposition that a similar kinship exists between copyright law and trademark law. . . ."

Ironically, the sweeping and uncharted obligation imposed by *Montoro* stands in stark contrast to the much more limited remedy created by Congress when it actually considered the issue. In 1990, Congress amended the Copyright Act to provide for a right of attribution of authorship, but limited that right to a narrow category of works of visual art, and limited the duration of that right to a period shorter than the usual copyright term. 17 U.S.C. § 106A(a), (d). In contrast, the *Montoro* doctrine creates a perpetual right of attribution for all works, even those in the public domain.

2. Constitutional issues

Because *Montoro* extends protection against copying well beyond what is available under copyright law, this case necessarily raises in the copyright context an issue that this Court considered and ultimately reserved last year in the context of patent protection. In *TrafFix Devices*, the issue was whether Lanham Act protection covered a product even after its patent expired. Invoking the patent and copyright clause, the petitioner argued that Congress had no power to extend the term of a patent by giving Lanham Act protection to the formerly patented design.[8] This Court ultimately

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Sony Corp. of Am. v. Universal City Studios, Inc., 464 U.S. 417, 439 & n.19 (1984). Even as to patent and copyright law, the Court exercises "caution . . . in applying doctrine formulated in one area to the other." *Id.* at 439 n.19.

[8] The petitioner's argument is *TrafFix Devices* was *mutatis mutandis* identical to Dastar's argument here:

> The Lanham Act is a product of Congress' Commerce Clause authority, not its patent power. While potent, the Commerce Clause does not empower Congress to override the express limits in other parts of the Constitution. . . . Thus, in establishing trade dress protection under Section 43(a), the Commerce Clause does not empower Congress to establish what are, in essence, patent monopolies of unlimited times.

Br. for Pet'r at 36, *TrafFix Devices* (No. 99-1571) (citations omitted).

concluded that Lanham Act protection was not available to the product in question, 532 U.S. at 35, and found it unnecessary to resolve whether "the Patent [and Copyright] Clause of the Constitution, of its own force, prohibits the holder of an expired utility patent from claiming trade dress protection," and noted that there "will be time enough to consider the matter" in a later case. *Id.*

That open question remains even more crucial for copyrights than for patents.[9] In *TrafFix Devices*, the bar against trade dress protection for functional features limited the universe of cases "in which trade dress becomes the practical equivalent of an expired utility patent." *Id.* at 35. Copyright, however, is available for essentially all expressive material without regard to functionality (*see* 17 U.S.C. § 102(a)), and there is a specter that, once the copyright term expires, *all* expired copyrights will be able to enjoy perpetual projection through the back door recognized by the Ninth Circuit under the Lanham Act.

Technological advances such as desktop publishing and the Internet now allow the public to make more extensive use of the public domain by incorporating old works into new ones and then distributing these new works to audiences not previously served by mass markets. *Montoro* imposes a direct and unending burden on speakers and listeners who want unfettered access to the public domain. In the Ninth Circuit, at least, it is not a defense that the public long ago

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[9] "The same considerations that doomed trade dress protection in [*TrafFix Devices*] could be argued to operate in the copyright sphere as well. In other words, as part of the constitutional trade-off for obtaining copyright protection, the argument lies that, once expiration occurs, the work belongs to the public; for the erstwhile proprietor to urge a different legal theory at that juncture betrays the bargain by which it initially secured a governmentally sanctioned monopoly in the subject work." 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* ¶ 66.14 (2002).

lost (or never had any) interest in the original work and its authors; a lack of consumer confusion is irrelevant if the original has been "bodily appropriated."

The limiting force of the first amendment on intellectual property protection may well be addressed in *Eldred*. If this Court determines in *Eldred* that first amendment considerations limit Congress's authority to extend intellectual property protection, it follows that perpetual judge-made exceptions are equally constrained. Indeed, no matter the outcome in *Eldred*, the first amendment concerns raised by *Montoro* deserve this Court's review. Not only does the doctrine trench on first amendment interests of speakers and listeners by imposing an enduring restriction on the public domain, it also constitutes a new form of enforced speech, requiring that anyone who wishes to use a work make a detailed, government-mandated disclosure of the work's "origin." *Cf. Wooley v. Maynard*, 430 U.S. 705 (1977).

Such compelled speech is particularly troublesome because, as described above, the scope of the required credits is dangerously vague and can be determined only after costly litigation, and the price of error can be trebled damages or profits, even though the material used was in the public domain. No speaker could have predicted, before *Montoro*, that the "origin" of a film means an accurate list of the actors it features. Nor could Dastar have been expected to know in this case that it was obliged to give credit to companies like Fox and New Line whose only roles as to the original video product were licensor and distributor, or that the price of its failure would be double disgorgement of all its profits. This is a scheme fraught with first amendment concerns.

If the Lanham Act actually imposed such a doctrine, its constitutionality would be in grave doubt. In fact, however, the Lanham Act can barely be tortured into lending support to *Montoro*. A simple respect for the meaning of the words Congress chose should be sufficient to sweep the doctrine

away, but if more is needed, this is a classic case for invoking the presumption against interpreting a statute in a fashion that will give rise to doubts about its constitutionality. *E.g.*, *Zadvydas v. Davis*, 533 U.S. 678, 689 (2001).

II. THE CIRCUITS ARE SPLIT ON WHETHER A MONETARY AWARD UNDER THE LANHAM ACT MAY BE MADE AND INCREASED SOLELY FOR PURPOSES OF DETERRENCE.

A. The Conflict

The other circuit split presented by this case concerns the role of deterrence in awarding monetary relief under the Lanham Act. The relief ordered by the district court was double the entire profits that Dastar earned from its video series. This award was affirmed by the court of appeals, which declared that the district court "considered the circumstances of the case, as required by section 1117(a), and doubled the award in order to deter future infringing conduct by Dastar—a permissible ground under the Lanham Act." (App. A at 4a (citing *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400 (9th Cir. 1993); *Playboy Enters. v. Baccarat Clothing Co.*, 692 F.2d 1272, 1274 (9th Cir. 1982)).) *See also Gracie v. Gracie*, 217 F.3d 1060, 1068 (9th Cir. 2002) (willfulness is sufficient for awarding profits).[10]

This is established law in the Ninth Circuit, which a decade ago announced that it was adopting "a deterrence policy in response to trademark infringement . . . ." *Lindy Pen*, 982 F.2d at 1406; *see Adray v. Adry-Mart, Inc.*, 76 F.3d 984, 988

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[10] The Second Circuit held that under "[t]he rule in this circuit," a plaintiff may obtain an accounting for profits under the Lanham Act where, for example, it "'is necessary to deter a willful infringer from doing so again,'" and that "willfulness expressly defines the third rationale (deterrence)." *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1537 (2d Cir. 1992) (citation and quotation mark omitted).

(9th Cir. 1996) (likelihood of confusion plus willfulness justify an award of profits). The Second Circuit follows the Ninth Circuit's approach. *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1537 (2d Cir. 1992). The Seventh Circuit has also approved enhancement for the sole purpose of punishing deliberate infringement. *Gorenstein Enters. v. Quality Care-USA*, 874 F.2d 431, 436 (7th Cir. 1989) (enhancement provisions "are properly invoked when, as in this case, the infringement is deliberate").

But the approach of these circuits diverges starkly from that of the D.C. Circuit, which has declared with equal certainty that because "deterrence is too weak and too easily invoked a justification for the severe and often cumbersome remedy of a profits award . . . , we hold that deterrence alone cannot justify such an award." *ALPO Petfoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958, 969 (1990). The Eighth Circuit has similarly recognized that, under 15 U.S.C. § 1117(a), "the district court is given broad discretion to award the monetary relief necessary to serve the interests of justice, provided it does not award such relief as a penalty." *Metric & Multistandard Components Corp. v. Metric's, Inc.*, 635 F.2d 710, 715 (8th Cir. 1980). In applying Eighth Circuit law, the Federal Circuit put a finer point on the conflict, expressly taking issue with Seventh Circuit precedent that "allowed the trebling of damages to penalize willful infringers," and holding that "the district judge may increase damages, 'providing it does not award such relief as a penalty.'" *Jurgens v. McKasy*, 927 F.2d 1552, 1564 (Fed. Cir. 1991) (quoting *Metric* and rejecting *Gorenstein*). The court reversed enhancement to deter the defendant's conduct because that "is an impermissible reason for increasing Lanham Act damages." *Id.* at 1564.

No compensatory rationale can be found in the present case. The district court awarded an amount equal to Dastar's profits even though all of those profits had already been

specifically attributed not to Dastar's "reverse passing off" but to its use of literary material from General Eisenhower's book. (App. B at 23a.) Similarly, the court doubled that amount because "defendants' infringement was willful." (App. B at 27a.) In upholding those determinations, the Ninth Circuit reaffirmed that profits may be enhanced solely to deter: "doubl[ing] the award in order to deter future infringing conduct by Dastar [is] a permissible ground under the Lanham Act." (App. A at 4a.) This case thus presents an opportunity for the Court to resolve the conflict among the circuits over whether, under the Lanham Act, profits may be awarded and enhanced solely to deter infringing conduct.

B. The Conflict Is Important

Courts that elevate deterrence in this fashion have deviated not just from other circuits but also from Congress's intent and this Court's teachings. The Lanham Act expressly authorizes courts to "enhance" awards of monetary relief, but in the very next sentence provides that the resulting award must be compensatory, *not punitive*: "Such sum in either of the above circumstances shall constitute compensation and not a penalty." 17 U.S.C. § 1117(a).

By treating deterrence as sufficient to monetary relief and, indeed, warrant enhancement, courts find themselves forced to read this provision either as surplusage or as a Congressional effort to incorporate a legal fiction into the Act. In so doing, they ignore a more plausible interpretation adopted by this Court when it construed a similar "not a penalty" clause in the Copyright Act:

> The phraseology of the section was adopted to avoid the strictness of construction incident to a law imposing penalties, and to give the owner of a copyright some recompense for injury done him, in a case where the

rules of law render difficult or impossible proof of damages or discovery of profits.

Douglas v. Cunningham, 294 U.S. 207, 209 (1935). Strict construction of penal provisions remains the rule. *See, e.g., Dowling v. United States*, 473 U.S. 207, 213 (1985).

That reasoning is equally applicable to the "not a penalty" clause in 15 U.S.C. § 1117(a). By insisting that any enhancement have a compensatory basis, Congress sought to prohibit punitive awards under the Lanham Act. And for good reason. Congress thought it was more important that courts be free to read the Act flexibly and broadly to achieve its purposes than that it be applied punitively to deter violators. The imposition of punitive sanctions for violations of the Act would inevitably—and properly—lead courts to adopt a more cautious stance in interpreting or extending the Act to novel situations. *See* James M. Koelemay, Jr., *Monetary Relief for Trademark Infringement Under the Lanham Act*, 72 Trademark Rep. 458, 521-25, 546 (1983). *Cf. Sands, Taylor & Wood v. Quaker Oats Co.*, 34 F.3d 1340, 1346 (1994), *modified in other part on reh'g*, 44 F.3d 579 (7th Cir. 1995).

Or so Congress thought. In fact, Congress's intent has gradually been subverted, as this case makes clear. There is no doubt that the Ninth Circuit was flexible and creative—to a fault—in creating and applying *Montoro*. But that flexibility has been paired with a propensity to award and enhance monetary relief on purely punitive grounds, leading to the imposition of penalties for conduct that simply could not have been identified in advance as unlawful without the most painstaking of legal advice. If such penalties are permissible, then *Montoro* must be overturned for yet another reason—because the Lanham Act is subject to the "strictness of construction incident to a law imposing penalties." *Douglas*, 294 U.S. at 209.

CONCLUSION

For the foregoing reasons, this Court should grant the petition for writ of certiorari.

Respectfully submitted,

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September 11, 2002

APPENDICES

APPENDIX A

UNITED STATES COURT OF APPEALS,
NINTH CIRCUIT.

No. 00-56703, 00-56712, 01-55027.
D.C. No. CV-98-07189-FMC.
Argued and Submitted March 12, 2002.
Decided April 19, 2002.

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation; SFM Entertainment LLC, a Delaware limited liability company; New Line Home Video Inc., a New York Corporation,

Plaintiffs-Counter-Defendants—Appellees,

v.

ENTERTAINMENT DISTRIBUTING, an Oregon Corporation; Marathon Music & Video, an Oregon Corporation, *Defendants-Appellants*, Dastar Corporation, an Oregon Corporation,

Defendant-Counter-Claimant—Appellant,

Random House, Inc., *Counter-Defendant—Appellee*.

Twentieth Century Fox Film Corporation, a Delaware Corporation; SFM Entertainment LLC, a Delaware limited liability company; New Line Home Video Inc., a New York Corporation,

Plaintiffs-Counter-Defendants—Appellees,

v.

Entertainment Distributing, an Oregon Corporation; Marathon Music & Video, an Oregon Corporation, *Defendants-Appellants*, Dastar Corporation, an Oregon Corporation,

Defendant-Counter-Claimant—Appellant.

Random House, Inc., *Counter-Defendant—Appellee.*
Twentieth Century Fox Film Corporation, a Delaware Corporation; SFM Entertainment LLC, a Delaware Limited Liability Company; New Line Home Video Inc., a New York Corporation,
Plaintiffs-Counter-Defendants—Appellees,
v.
Entertainment Distributing, an Oregon Corporation; Marathon Music & Video, an Oregon Corporation, *Defendants-Appellants*, Dastar Corporation, an Oregon Corporation,
Defendant-Counter-Claimant—Appellant,

Random House, Inc., sued as Doubleday, a division of Bantam Doubleday Dell Publishing Group, Inc.,
Counter-Defendant—Appellee.

Before KOZINSKI and GOULD, Circuit Judges, and BREYER, District Judge.*

MEMORANDUM **

1. The tax treatment that President Eisenhower sought for his manuscript *Crusade in Europe* creates a triable issue as to whether he intended the book to be a work for hire. Eisenhower informed Doubleday and the United States Treasury that he wished to have the payment for the book classified as a long-term capital gain, and that he was willing to comply with the required waiting period between the completion of the book and its sale to the publisher. The sale

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* The Honorable Charles R. Breyer, United States District Judge for the Northern District of California, sitting by designation.

** This disposition is not appropriate for publication and may not be cited to or by the courts of this circuit except as may be provided by Ninth Circuit Rule 36-3.

agreement between Eisenhower and Doubleday also gives no indication that the book was a work for hire. Drawing all reasonable inferences in favor of Dastar, *Kling v. Hallmark Cards, Inc.*, 225 F.3d 1030, 1035 (9th Cir. 2000), we conclude that the evidence raises doubt as to Eisenhower's intent with respect to *Crusade in Europe*. Because "[q]uestions involving a person's state of mind . . . are generally factual issues inappropriate for resolution by summary judgment," *Mendocino Env'l Ctr. v. Mendocino County*, 192 F.3d 1283, 1302 (9th Cir. 1999) (alteration in original) (internal quotation marks omitted), we reverse the district court's summary judgment for Twentieth Century Fox on the copyright infringement claim and remand for trial.

2. We affirm the district court's summary judgment on the reverse passing off claim under section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). Dastar copied substantially the entire *Crusade in Europe* series created by Twentieth Century Fox, labeled the resulting product with a different name and marketed it without attribution to Fox. Dastar therefore committed a "bodily appropriation" of Fox's series. *See Cleary v. News Corp.*, 30 F.3d 1255, 1261 (9th Cir. 1994); *Summit Mach. Tool Mfg. Corp. v. Victor CNC Systems, Inc.*, 7 F.3d 1434, 1436-37 (9th Cir. 1993). Dastar's minimal changes to the series are not sufficient to avoid liability. *See Summit Mach. Tool Mfg. Corp.*, 7 F.3d at 1437 ("A defendant may also be guilty of reverse palming off by selling or offering for sale another's product that has been modified slightly and then labeled with a different name.").[1]

We reject Dastar's contention that Twentieth Century Fox must make an independent showing that the series manufactured by Dastar resulted in consumer confusion. Dastar's "bodily appropriation" of Fox's original series is

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[1] The terms "reverse palming off" and "reverse passing off" are interchangeable. *Summit Mach. Tool Mfg. Corp.*, 7 F.3d at 1437 n. 1.

sufficient to establish the reverse passing off, because the "bodily appropriation" test subsumes the "less demanding 'consumer confusion' standard." *Cleary*, 30 F.3d at 1261-62.

3. We also affirm the district court's award of Dastar's profits under the Lanham Act. We generally defer to the district court on "any decision concerning the awarding of an accounting of profits remedy." *Playboy Enters. v. Baccarat Clothing Co.*, 692 F.2d 1272, 1275 (9th Cir. 1982); *see also Faberge, Inc. v. Saxony Prods., Inc.*, 605 F.2d 426, 429 (9th Cir. 1979). The district court found that Dastar's trademark infringement was deliberate and willful: Dastar purposefully did not include any credits from the Fox series; deleted all images and references to Eisenhower's *Crusade in Europe*, thereby giving the impression that its series was an original work; and continued to market the series even after having been informed that it might be violating Fox's trademark. The district court also found that, because Dastar merely copied Fox's series, no profits were attributable to Dastar's own work. Given these findings, the district court's award of profit to Twentieth Century Fox is not clearly erroneous. *See Playboy Enters.*, 692 F.2d at 1275.

The district court did not abuse discretion by doubling the profit award under 15 U.S.C. § 1117(a). The court considered the circumstances of the case, as required by section 1117(a), and doubled the award in order to deter future infringing conduct by Dastar—a permissible ground under the Lanham Act. *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1406 (9th Cir. 1993); *Playboy Enters.*, 692 F.2d at 1274.

We reject Dastar's contention that the award of profits under the Lanham Act duplicated statutory damages awarded under the Copyright Act.[2] Even when based on the same act,

[2] Because we remand the copyright infringement claim for trial, this remains a live issue.

copyright infringement and trademark infringement are separate violations and, therefore, "in order to effectuate the purposes of both statutes, damages may be awarded under both." *Nintendo of Am., Inc. v. Dragon Pac. Int'l*, 40 F.3d 1007, 1011 (9th Cir. 1994). The two awards also served different purposes: The statutory damages under the Copyright Act penalized Dastar for its willful infringement of Doubleday's copyright, while the profits awarded under the Lanham Act served to prevent Dastar's unjust enrichment and to deter future infringement of Fox's trademark. *See id.*

4. Finally, we reject Dastar's challenge to the district court's calculation of attorney's fees. There is no evidence that the district court failed to perform an independent examination of the record in calculating the award, and Twentieth Century Fox provided adequate information for such calculation. *See Lobatz v. U.S. West Cellular*, 222 F.3d 1142, 1148-49 (9th Cir. 2000) (affirming a fee award based on summaries of attorney time records, rather than on contemporaneous time records themselves); *Bonnette v. California Health & Welfare Agency*, 704 F.2d 1465, 1473 (9th Cir. 1993) (affirming a fee award based in part on reconstructed records).

The district court also did not abuse discretion by refusing to reduce Fox's lodestar, because Fox had already excluded any time that appeared unreasonable. *See Davis v. City and County of San Francisco*, 976 F.2d 1536, 1543 (9th Cir. 1992). We are unable to rule on Dastar's argument that some remaining time entries are unreasonable because Dastar did not indicate which specific entries it challenges.

The fee award was, however, premised in part on the fact that Fox prevailed on its copyright infringement claim. Because we reverse the summary judgment on that claim, we vacate the attorney's fees award and remand to the district court for appropriate re-calculation after the copyright claim

is resolved. On remand, the district court may re-examine the reasonableness of any fees relating to the Lanham Act claim.

AFFIRMED in part, REVERSED in part, VACATED in part and REMANDED. No costs.

APPENDIX B

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

[Filed Aug 29, 2000]

CV 98-7189 FMC (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, *et al.*,
Plaintiff(s),

vs.

DASTAR CORPORATION, *et al.*,
Defendant(s).

FINDINGS OF FACT AND CONCLUSIONS OF LAW

This case having come on for trial before the Court on August 9, 10, and 11, 2000, and the Court having heard the evidence, considered the briefs and arguments of counsel, and observed the demeanor of the witnesses, does hereby make, pursuant to Fed.R.Civ.P. 52 and Central District Local Rule 14.3, the following Findings of Fact and Conclusions of Law:

I. FINDINGS OF FACT

A. The Parties

1. Plaintiff Twentieth Century Fox Film Corporation ("Fox") is a Delaware corporation having offices and a principal place of business in Los Angeles, California.

2. Plaintiff SFM Entertainment LLC ("SFM") is a Delaware limited liability company having offices and a principal place of business in New York, New York.

3. Plaintiff New Line Home Video, Inc. ("New Line") is a New York corporation having offices and a principal place of business in New York, New York.

4. Defendant Dastar Corp. ("Dastar") is an Oregon corporation with its principal place of business located in Eugene, Oregon.

5. Defendant Marathon Music & Video is an Oregon corporation with its principal place of business located in Eugene, Oregon.

6. Defendant Entertainment Distributing is an Oregon corporation with its principal place of business located in Eugene, Oregon.

B. The Book

7. Gen. Eisenhower was appointed commander of U.S. troops in Europe during World War II (the "War") and later became Supreme Commander of the Allied Expeditionary Forces. (Ex. 86.) [1]

8. As a result of his leadership roles, Gen. Eisenhower's perceptions and views of the War were of unique historic importance. (January 6, 2000 Court Order Granting Summary Judgment ("January 6 Order") at 13; Ex. 72.)

9. With the help of William Robinson, Vice President of *The New York Herald Tribune* ("*The Tribune*") (which wanted to serialize excerpts of Gen. Eisenhower's memoirs), Douglas Black, President of Doubleday and friend to Gen. Eisenhower, persuaded Gen. Eisenhower to write memoirs of his War experiences for Doubleday. (January 6 Order at 13.)

10. Doubleday published the Book on November 22, 1948. Thirty excerpts from the Book were published on consecutive

[1] All citations to exhibits refer to plaintiffs' designated trial exhibits unless otherwise noted.

days in *The Tribune*, the first appearing on November 7, 1948. (January 6 Order at 15.)

11. Gen. Eisenhower was pleased with the Book, which was both a critical and commercial success. (Exs. 71, 72.)

12. In 1948, Doubleday obtained certificates of registration for the copyrights to the Book and *The Tribune* excerpts. Doubleday timely renewed those copyrights in 1975 as the "proprietor of copyright in a work made for hire." (January 6 Order at 15; Ex. 52.)

C. The Crusade Series

13. By agreement dated November 20, 1948, Doubleday granted to Twentieth Century Fox Television Productions, Inc. (The "Fox Division") the sole and exclusive television rights in the Book. (January 6 Order at 15; Ex. 73.)

14. In the late 1940s, Peter Levathes, Vice President of Twentieth Century Fox Film Corporation ("Fox"), arranged for and oversaw production of the *Crusade* Series. Levathes, on behalf of the Fox Division, negotiated an agreement (the "Fox/Time agreement") with Time, Incorporated's *March of Time* news unit ("Time") to produce the *Crusade* Series. (January 6 Order at 15; Ex. 74.)

15. The Fox/Time agreement provides that the *Crusade* Series must be based upon or illustrating the work entitled "CRUSADE IN EUROPE" by Dwight E. Eisenhower. (January 6 Order at 15; Ex. 74.)

16. The Fox/Time agreement gave the Fox Division and Doubleday the right to review the script and film for individual episodes and Time agreed to eliminate any portion of the script and any original photography that was determined to adversely affect Gen. Eisenhower's reputation. (Ex. 74.)

17. Creating the *Crusade* Series was a major project that involved not only developing scripts for more than two dozen separate one-half hour episodes, but also selecting and assembling footage, preparing connecting materials, doing a narration, and deciding on and incorporating music. (January 6 Order at 13.)

18. The *Crusade* Series was very closely based on and illustrated the Book. (Exs. 86, 87.)

19. The *Crusade* Series followed the Book's structure, format and content. (Exs. 86, 87.)

20. The *Crusade* Series conveyed Gen. Eisenhower's perspective on the War, as articulated in the Book. (Exs. 86, 87.)

D. The *Crusade* Videos

21. Fox reacquired the television rights in the Book from Doubleday for a period of seven years through a June 22, 1988 agreement (the "1988 agreement.") (Ex. 76.)

22. When Fox reacquired the television rights in the Book pursuant to the 1988 agreement, Fox also acquired the exclusive right to distribute the *Crusade* Series on video, and to license and sublicense others to do the same. (Ex. 76.)

23. On March 11, 1993, the 1988 agreement was amended to extend the term of Fox's exclusive license to fourteen years. This amendment was recorded with the U.S. Copyright Office on February 13, 1996. (Ex. 77.)

24. By agreement dated June 22, 1988 (the "Fox/SFM agreement"), Fox granted to SFM Entertainment LLC ("SFM") for a period of seven years the right to act as its exclusive sales agent and distributor of the *Crusade* Series in all media, including video, and to license and sublicense any partes to do the same. The term of the Fox/SFM agreement, which was recorded with the U.S. Copyright Office on

February 13, 1996, was automatically extended to fourteen years upon the March 11, 1993 amendment of the 1988 agreement. (January 6 Order at 17; Exs. 78, 79.)

25. By agreement dated July 27, 1984 (hereinafter the "SFM/New Line agreement"), which was amended on October 27, 1986, May 12, 1987, and December 15, 1991, SFM granted to Embassy Home Entertainment ("EHE"), and thus to New Line Home Video, Inc. ("New Line"), as EHE's successor in interest, an exclusive license to distribute the *Crusade* Series on video. (January 6 Order at 16; Ex. 81 .)

26. In 1980, SFM entered into an agreement with Time-Life Television, a division of Time-Life Films Inc., to purchase its *March of Time* library, which was to have included the *Crusade* Series. (Ex. 75.)

27. After an extensive search, SFM located and purchased the tapes and began restoring the *Crusade* Series so it could be repackaged for distribution on video. (January 6 Order at 16.)

28. SFM's total cost to restore the *Crusade* Series was approximately $75,000. (January 6 Order at 16.)

29. In conjunction with New Line, SFM had the tapes repackaged as videos (the *Crusade* Videos). The *Crusade* Videos were a direct reproduction of the *Crusade* Series. (January 6 Order at 16; Ex. 81.)

30. The credits for the *Crusade* Videos listed the actual creators of the *Crusade* Series and the *Crusade* Videos. For instance, credit is given to "New Line Home Video," "A March of Time Production By Arrangement with 20th Century Fox," "Eisenhower's Crusade in Europe Based on the Book by Dwight D. Eisenhower" and "SFM." (January 6 Order at 16; Ex. 7.)

31. Pursuant to the 1988 agreement, as well as the Fox/SFM and SFM/New Line agreements, New Line

distributed the *Crusade* Videos as a six-part series under the title *Crusade in Europe*. (Exs. 76, 77, 79, 81.)

32. Each *Crusade in Europe* video bears the following notice: "The Exclusive Picturization of General Dwight D. Eischower's book CRUSADE IN EUROPE published by Doubleday & Company Inc. © 1948 Doubleday& Company Inc." (Ex. 3.)

E. Defendants' Copying of the Book and Bodily Appropriation of the *Crusade* Series

33. Dastar first began producing videos in 1995. (January 6 Order at 17.)

34. In April 1995, Lanny Tarter, who became Dastar's director of video acquisitions in September 1995, and Norman Andersen, Dastar's President, spoke about expanding Dastar's product line, which had been exclusively music CDs, into video. (January 6 Order at 17.)

35. In looking for a first project to release on video, Tarter and Andersen spoke about the *Crusade* Series, which they both remembered watching as children.

36. Tarter and Andersen thought a video using the *Crusade* Series would sell well because Tarter has previously produced various successful war videos and 1995 marked the 50th anniversary of the end of World War II.

37. The first video that Dastar produced was *Campaigns*.

38. As Dastar's director of video acquisitions, Tarter was generally in charge of acquiring and producing Dastar's video product. (January 6 Order at 17.)

39. To create *Campaigns*, Tarter purchased eight beta cam tapes of the *Crusade* Series of sufficient quality so as to be able to reproduce them *en masse*. (January 6 Order at 17.)

40. To make *Campaigns*, Tarter copied the entire *Crusade* Series, making only the following changes: (a) with the assistance of a studio called L.A. Videograms, Tarter substituted a new opening title sequence, credit page and final closing for those in the *Crusade* Series; (b) Tarter substituted 26 new chapter-title sequences that corresponded precisely to the original 26 chapter-title sequences of the *Crusade* Series and subsequent videos; (c) Tarter deleted references to the Book, including images of the Book that appeared at the beginning of each of the 26 chapters of the *Crusade* Series; (d) Tarter moved the *Crusade* "recap" to the beginning of *Campaigns*, and retitled it as a "preview; and (e) inserted narrated chapter introductions written by Tarter. Tarter did not remove or alter any other aspect of the *Crusade* Series in making *Campaigns*. (January 6 Order at 17.)

41. The footage from the *Crusade* Series that was copied to create Campaigns contains the original narration from the *Crusade* Series that was taken from the Book. (Exs. 3, 4, 86, 87.)

42. With the exception of the opening title sequence, chapter-heading sequences, credit page, and final closing of *Campaigns*, the entire seven hours of *Campaigns* is taken from the *Crusade* Series. (January 6 Order at 17; Exs. 3, 4, 86, 87.)

43. *Campaigns* was released in October 1995. (Ex. 10.)

44. *Campaigns* contains text from the Book. There are 853 sentences (including both complete sentences and parts of sentences) in the Book that appear in *Campaigns*; 244 pages of the Book, or 51.2% (out of a total of 477 pages of the Book), contain text directly copied or very closely paraphrased in *Campaigns*; 2,211 lines of text in the Book, or 11.6% (out of a total of approximately 19,000 lines of text in the Book) contain text directly copied or very closely paraphrased in *Campaigns*. (January 6 Order at 18.)

45. The text in *Campaigns* copied from the Book consists of Gen. Eisenhower's own thoughts and expressions about the War, and not merely historical facts. (January 6 Order at 18.)

46. The Book and *Campaigns* follow the same structure, format, content, sequencing, and tone. (January 6 Order at 18; Exs. 50, 86.)

47. Both the Book and *Campaigns* are organized around the same six subjects: (1) the build-up of United States armed forces before World War II and the entry of the U.S. into the War; (2) the Allied campaign in North Africa; (3) the Allied campaign in Italy; (4) the Allied campaigns in France and Germany leading to victory in Europe; (5) the involvement of Russia in the War in Europe; and (6) the post-War period. (January 6 Order at 17-18.)

48. The Book, which is not simply a chronological history of the War, moves back and forth in time as it addresses different Allied operations, different battles, selected historical figures known to Gen. Eisenhower, and other events and subjects. (Ex. 86.)

49. Following the Book's format, *Campaigns* also moves back and forth in time between events and subjects and is not a purely chronological account of the War. (January 6 Order at 18; Exs. 50, 86.)

50. The Book tells of Gen. Eisenhower's personal and unique story of World War II and is organized around his personal experiences and perspectives, the issues and decisions he faced, and the persons with whom he had contact or whom he believed had a profound influence on events. (January 6 Order at 18; Ex. 86.)

51. Although truncated, *Campaigns* repeats Gen. Eisenhower's personal story, following the Book's circuitous route and adopting the same tone. (January 6 Order at 18.)

52. The sequencing of the topics in the Book is roughly the same as that in *Campaigns*; many of the same topics are juxtaposed and recounted in the same order, and the overall presentation of the War is the same as in the *Crusade* Series and the Book. (January 6 Order at 18.)

53. While the Book depicts many famous moments of the War such as the D-Day Invasion, the Book also depicts less well known events that Gen. Eisenhower decided to include. Such less conspicuous events described in the Book are, however, reproduced in *Campaigns*, both in the narration and in the War footage selected to illustrate it. As examples, the Books tells the story of the construction of "Mulberry" harbors off the coast of France and the destruction of one of those harbors in a hurricane; the Book discusses the training of the U.S. troops, and Gen. Eisenhower focuses on certain troop maneuvers that were held in Louisiana in September 1941; the Book touches on such less notable events as the death of Admiral Darlen, a French officer who was involved in conflicts in North Africa. Although presenting the War through visuals, *Campaigns* relies on all these same topics—the "Mulberry" harbors, the Louisiana troop maneuvers in 1941, and Admiral Darlen's death—and on many other less prominent topics discussed in the Book. (Exs. 50, 86.)

54. In addition to the voluminous copying of much of the literal text of the Book in *Campaigns*, the visual images that are shown in *Campaigns* similarly mirror the structure and organization of Gen. Eisenhower's Book and the aspects of the War he chose to discuss and emphasize. (Exs. 3, 4, 86.)

55. Volume 7 of *Campaigns* is entitled "Eisenhower's Thoughts." Defendants feature this title on the packaging for *Campaigns*. (Ex. 4.)

56. In early 1996, Dastar released a slightly-revised version of *Campaigns*, in which the only change in content was the addition of 2 to 3 minute "wrap-around" segments that appear

at the beginning of each tape and are narrated by Oregon radio personality Dale Reed. (Exs. 4, 23.)

F. The Willfulness of Defendants' Copyright Infringement

57. At the time they originally saw the *Crusade* Series and in 1995 when they decided to copy it, both Tarter and Andersen were aware that the Series was based on the Book.

58. Neither Tarter nor Andersen conducted an investigation concerning the copyright status of the Book in 1995, or at any other time prior to the commencement of this litigation. Dastar gave no consideration to whether the Book was in the public domain prior to the release of *Campaigns* in October 1995.

59. No one at Dastar consulted with a lawyer at any time prior to the filing of this lawsuit to determine whether the release of *Campaigns* would infringe anyone's rights.

60. Sometime after July 15, 1997, Marathon received a letter from plaintiffs requesting, among other things, that Marathon (1) immediately cease and desist from distributing *Campaigns*, (2) surrender all copies of *Campaigns* and account for all of its sales; and (3) inform plaintiffs of the means by which Marathon obtained copies of the materials used in *Campaigns*. (Ex. 32.)

61. Marathon did not comply with plaintiffs' cease and desist requests, nor did it consult with an attorney concerning the contents of plaintiffs' July 15, 1997 letter (even though it later stated to plaintiffs that it was consulting with its (non-existent) legal department.)

62. On July 29, 7997, EDI (d.b.a. of Dastar) sent a letter responding to plaintiffs July 15, 1997 letter, in which defendants requested that plaintiffs "provide [them] with the

appropriate documentation in support of [their] assertion to be the exclusive distributors of the *Crusade in Europe* videos." (Ex. 33.)

63. On approximately September 17, 1997, plaintiff New Line sent a letter responding to EDI's July 29, 1997 letter, in which New Line stated that it was compiling the requested documentation, and reiterated plaintiffs' request that EDI provide plaintiffs with information concerning the source of the materials used to create *Campaigns*. (Ex. 35.)

64. On December 18, 1997, plaintiffs sent defendants the documentation requested in EDI's July 29, 1997 letter, establishing plaintiffs' chain of title to the *Crusade* Series and Videos. EDI did not consult with an attorney or respond to plaintiffs' December 18, 1997 letter. In fact, Dastar never consulted with an attorney about whether its distribution of *Campaigns* infringed plaintiffs' or anyone else's rights until after the commencement of this litigation. (Ex. 36.)

65. EDI did not provide plaintiffs with the information that plaintiff New Line requested in its September 17, 1997 letter to EDI.

66. Defendants also never made any effort to recall *Campaigns*—even after this lawsuit was commenced.

67. Around the time plaintiffs filed this lawsuit, Dastar asked Eric Kulberg of Universal Media Inc. to perform a copyright search on the Book. (Ex. 37.)

68. In a September 22, 1998 letter to Tarter, Kulberg reported that "[i]t appears that Doubleday & Company has a solid copyright on [the book *Crusade in Europe*] and will hold it at least until 2023." While Kulberg noted that Fox did not renew the *Crusade* Series' copyrights, he concluded that "the underlying literary rights appear to be intact." (Ex. 37.)

69. Dastar continued to sell *Campaigns* after receiving Kulberg's September 22, 1999 letter, and manufactured new

copies of *Campaigns* at least as recently as March of 1999 (if not later). At least as recently as July 2000, Dastar was still shipping *Campaigns*. (Exs. 59, 61.)

G. The Willfulness of Defendants' Reverse Passing Off

70. The credits for *Campaigns* identify Andersen as executive producer, Barbara Kaye (Tarter's former assistant) as associate producer, and Tarter as producer. (January 6 Order at 17.)

71. Dastar purposefully and intentionally deleted all references to the fact that *Campaigns* was based on the Book and all of the images of the Book that appeared in the *Crusade* Series. Dastar also failed to include in *Campaigns* any of the other credits that appeared in the *Crusade* Series. In fact, Dastar deleted these images and omitted the *Crusade* credits to give the impression that *Campaigns* was an original work. (Ex. 3, 4, 86.)

72. There are no credits in the *Campaigns* Series that would inform viewers that it was taken from the *Crusades* Series. (Ex. 4.)

73. There is nothing on the packaging for *Campaigns* that states that it is based on the Book or gives credit to any of the plaintiffs concerning the content of *Campaigns*; the only entities defendants give credit to are Dastar and Marathon Music & Video—i.e., themselves. (Ex. 4.)

74. Dastar placed a "Contains Film Footage from the Previously Released *Crusade in Europe*" label on packageing of only a limited number of boxes of *Campaigns*. (Exs. 4, 26.)

75. Prior to the release of *Campaigns*, defendants had access to and used a book that identified Fox's association with the *Crusade* Series. (Ex. 41.)

76. In response to a January 1999 request by defendants, Original Filmvideo Library ("OFL") provided defendants with information related to the production and distribution of the *Crusade* Series, including a full list of credits. (Ex. 40.)

77. Defendants never made any effort to recall *Campaigns*—even after this lawsuit was commenced.

H. Defendants' Illicit Gains from Their Infringement of Plaintiff's Intellectual Property Rights

78. Dastar sells its videos to warehouse clubs, mail-order companies and retailers, including Sam's Club, Costco, Best Buy, BJ's Wholesale Club, Day Market, Publishers Clearinghouse, Avon, Time-Life, Discovery, and River Town. (Exs. 10, 11.)

79. Dastar sells *Campaigns* for approximately $25 per boxed set of videos. Plaintiffs sell the *Crusade* videos at a substantially greater price.

80. *Campaigns* was one of Dastar's best-selling titles. From October 1, 1995, through July 31, 2000, Dastar sold approximately 35,566 units of *Campaigns*, which generated at least $874,851.18 in gross revenues. (Ex. 61.)

81. Defendants' documented costs for producing and distributing *Campaigns* over the same period of time total $91,244.35, as set forth below:

Documented Cost	Amount
Cost of the 8 beta cam tapes of *Crusade* Series (Ex. 5)	$6,292.00
Charges to delete images of the Book and create new chapter, credit and title sequences (Ex. 14)	4,321.25
Package Design for *Campaigns* (Ex. 20)	3,814.75
Salary paid to Dale Reed for narrating wrap-around segments at the beginning of each cassette	95.00

Rental fee for equipment used to film Dale Reed wrap-around segments (Ex. 25)	1,460.75
Cost of duplicating cassettes of *Campaigns* documented by invoices produced before the end of discovery (Exs. 62, and 63)	20,052.75
Manufacturing cost for outer boxes holding seven volume *Campaigns* series, documented by invoices produced before the end of discovery (Exs. 21, 62, 63)	4,917.13
Manufacturing cost for the sleeves that encase each cassette, documented by invoices produced before the end of discovery (Exs. 21, 62, and 63)	5,759.75
Cost of 5,000 labels that state "Contains Film Footage from the Previously Released *Crusade in Europe*" (Ex. 27)	158.50
Freight charges to ship *Campaigns* from duplicator to Dastar, documented by invoices produced before the end of discovery (Exs. 62, 63)	629.92
5% Sales Commission	43,742.55
Total Deductible Costs	$ 91,244.35

82.	Gross revenue from sales of *Campaigns*	$ 874,851.18
	Less deductible costs	91.244,35
	Net Revenue from Sales of *Campaigns*	$ 783,606.83

83. Dastar's total gross revenues for the fiscal year ending September 30, 1998 were approximately $25 million. Dastar's total gross revenues for the fiscal year ending September 30, 1999 were $25 million.

84. Dastar's profits for the fiscal year ending September 30, 1998 were approximately $5 million. Dastar's profits for the fiscal year ending September 30, 1999 were $4 million.

85. Dastar's net assets are approximately $10,000,000.

II. CONCLUSIONS OF LAW

A. Procedure

1. This Court has subject matter jurisdiction over plaintiffs' federal copyright and Lanham Act infringement claims pursuant to 15 U.S.C. § 1121, 28 U.S.C. §§ 1331 and 1338(a) and (b), and over plaintiffs' state law claim for unfair competition based on principles of pendent jurisdiction. This Court also has subject matter jurisdiction pursuant to 28 U.S.C. § 1332(a), in that it is a civil action between citizens of different states in which the matter in controversy exceeds, exclusive of costs and interest, seventy-five thousand dollars.

2. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(b), 1391(c) and 1400(a).

3. In its January 6, 2000 Order granting plaintiffs' motion for summary judgment (the "January 6 Order"), this Court held that: (1) by copying the *Crusade* Series and selling it under the title *Campaigns in Europe* ("*Campaigns*"), defendants violated the copyright of the underlying Book and infringed plaintiffs' exclusive right to reproduce and distribute videos based upon the Book, and (2) by bodily appropriating the *Crusade* Series and falsely identifying themselves as producers of *Campaigns*, defendants engaged in "reverse passing off" in violation of the Lanham Act and California unfair competition law. This bench trial was held to determine the appropriate remedies for defendants' infringement of plaintiffs' intellectual property rights.

4. In the January 6, 2000 Order, this Court also dismissed defendant Dastar Corp.'s counterclaims for unfair competetion and declaratory relief. On July 6, 1999, prior to the transfer of the case to this Court, Judge Tevrizian dismissed Dastar's counterclaims for intentional misrepresentation, negligent misrepresentation, and slander of title.

B. Monetary Remedies

Copyright Infringement

5. Because defendants' infringing actions took place after January 1, 1978, any award of damages under the Copyright Act is controlled by the Copyright Act of 1976; 17 U.S.C. § 301(a); *Harris v. Emus Records Corp.*, 734 F.2d 1329, 1335 (9th Cir. 1984).

6. Under the Copyright Act, plaintiffs, are entitled to recover the actual damages they suffered as well as any profits resulting from defendants' infringement. 17 U.S.C. § 504(b).

7. Although plaintiffs do not own the copyright to the Book, they have the right to recover damages for copyright infringement as the exclusive licensee and sublicensees under Doubleday's copyright in the Book. 17 U.S.C. § 501(b); January 6 Order at 2 n.1.

8. Because plaintiffs bargained for the exclusive right to reproduce and distribute television programs in the video format that are based upon the Book, defendants' sale of *Campaigns* destroyed that exclusivity and thus diminished the value of plaintiffs' licenses, causing plaintiffs actual damage. *Nintendo of America, Inc. v. Dragon Pacific International*, 40 F.3d 1007, 1110 (9th Cir. 1994), *cert denied*, 515 U.S. 1107 (1995); *Frank Music Corp. v. MGM*, 772 F.2d 505, 512 (9th Cir. 1985). Plaintiffs are therefore entitled to an award of actual damages.

9. With respect to the recovery of defendants' profits, plaintiffs are required to present proof only of defendants' gross revenue. 77 U.S.C. § 504(b). In this case, defendants generated $874,851.78 in gross revenues from the sale of *Campaigns*.

10. Defendants have the burden to prove their deductible expenses and any elements of their profits attributable to

factors other than the copyrighted work. *Id.*; *Frank Music*, 772 F.2d at 514. Any doubt as to the correctness of the profit calculation should be resolved in favor of plaintiffs. *Eales v. Environmental Lifestyles, Inc.*, 958 F.2d 876, 881 (9th Cir.), *cert. denied*, 506 U.S. 1001 (1992), *abrogated on other grounds*, 179 F.3d 683 (9th Cir. 1989).

11. Since defendants were prohibited from relying on documents at trial that they did not disclose before the end of discovery, (*see* Tentative Court Order on Plaintiffs Motion in Limine No. 1 at Pretrial Conference on July 24, 2000; Fed.R.Civ.P. 37(c)), their total proved costs were $91,244.35, as set forth above.

12. Defendants did not produce sufficient evidence before the close of discovery of, and therefore failed to prove, their entitlement to certain additional claimed costs and expenses. Therefore, no additional claimed expenses shall be deducted from defendants' gross revenue for purposes of determining defendants' profits.

13. Defendants also did not prove that any elements of their profits were attributable to factors other than the copyrighted work. Specifically, as this Court has already found, *Campaigns* not only incorporates the literal text from the Book in its narration, but also adopts the Book's structure, format, sequencing, organization, and tone. In addition to the voluminous copying of the text of the Book in *Campaigns*, the visual images shown in *Campaigns* mirror the many choices Gen. Eisenhower made in organizing his Book and deciding what aspects of his War experience to emphasize and how. The amount of defendants' profits attributable to factors other than the Book therefore is *de minimus*, if anything at all. *See Frank Music Corp. v. MGM*, 886 F.2d 1545, 1549 (9th Cir. 1989), *cent. denied*, 494 U.S. 1017 (1990); *ABKCO Music, Inc. v. Harrisongs Music, Ltd.*, 508

F.Supp. 798, 801-02 (S.D.N.Y.). Because apportionment is improper, plaintiffs are entitled to $783,606.83 as defendants' profits.

14. Plaintiffs may, at any time before final judgment is rendered, elect to recover statutory damages in lieu of actual damages and profits. 17 U.S.C. § 504(c). Plaintiffs may elect such statutory damages whether or not there is any evidence of the actual damages suffered by plaintiffs or of the profits reaped by defendants. *Harris v. Emus Records Corp.*, 734 F.2d 1329, 1335 (9th Cir. 1984).

15. In light of defendants' willful infringement of plaintiffs' exclusive rights in the Book, plaintiffs are entitled to an award of the maximum amount of $150,000 in statutory damages should plaintiffs choose that remedy in lieu of actual damages and defendants' profits. *See* 17 U.S.C. § 504(c)(2); *Peer International Corp. v. Pausa Records, Inc.*, 909 F.2d 1332, 1337 (9th Cir. 1990), *cert. denied*, 498 U.S. 1109 (1991).

16. Defendants were willful infringers because they distributed *Campaigns* with, at the very least, a willful disregard for plaintiffs' rights. *See A&M Records, Inc. v. Abdallah*, 948 F.Supp. 1449, 1457 (C.D. Cal. 1996); *Sega Enterprises v. Maphia*, 948 F.Supp. 923, 936 (N.D. Cal. 1996). While defendants contend that their infringement was innocent because they purportedly believed the *Crusade* Series was in the public domain, the evidence shows that defendants did not conduct an investigation concerning the copyright status of the Book at any time prior to this litigation, even though they were aware when they decided to copy the *Crusade* Series that the Series was based on the Book. Defendants also did not consult with a lawyer to determine whether the release of *Campaigns* would infringe anyone's rights—although they falsely represented to plaintiffs that they had. *See International Star Class Yacht Racing Assoc. v. Tommy Hilfiger*, 80 F.3d 749, 753-54 (2d

Cir.1996). When plaintiffs pointed out defendants' infringement in two 1997 "cease and desist" letters, one of which specifically referred to the Book's copyright and attached copies of the applicable registrations, defendants still did not investigate the Book's copyright status, nor did they cease selling *Campaigns*. In fact, they continued to sell *Campaigns* long after this lawsuit was commenced, even after their own copyright researcher informed them in writing on September 22, 1998, that the underlying intellectual property rights to *Crusade* were "solid" and "intact" and would continue to be "at least until 2023". *See International Korwin Corp. v. Kowalczyk*, 855 F.2d 375, 380-81 (7th Cir. 1988); *O'Brien International, Inc. v. Mitch*, 209 U.S.P.Q. 212, 221 (N.D. Cal. 1980).

Lanham Act Infringment

17. Plaintiffs may recover damages and profits under the Lanham Act, together with statutory damages under the Copyright Act (should they elect statutory damages under the Copyright Act). *Nintendo*, 40 F.3d at 1011.

18. As actual damages caused by defendants' "reverse passing off," plaintiffs are entitled to the lost advertising value of plaintiffs' names and of the goodwill that they otherwise would have gained from public knowledge that plaintiffs were the true source of the misappropriated material in *Campaigns*. *Smith v. Montoro*, 648 F.2d 602, 607 (9th Cir. 1981). Specifically, each plaintiff contributed to the creation or distribution of the *Crusade* Videos. Fox conceived of the original *Crusade* Series in the late 1940's, contracted with Doubleday for rights to the Book and with Time to produce the Series, financed the production of the 26 episodes, and participated in the creative process. SFM originated the idea of restoring the *Crusades* Series, spearheaded the effort to find the films, and financed and supervised the restoration and repackaging process. New Line, as distributor, brought

the *Crusade* Series into modern homes. Each plaintiff would therefore benefit in its business from being associated with and viewed as responsible for the misappropriated work. Each plaintiff lost valuable goodwill when a purchaser of *Campaigns* was led to believe by defendants' false attribution that it was produced by defendants (rather than plaintiffs). In addition, as a virtual duplicate of the *Crusade* Videos, *Campaigns* appeals to the same audience as the *Crusade* Videos, but at a much lower price. Defendants' reverse passing off therefore not only cost plaintiffs valuable goodwill, but also sales. Accordingly, plaintiffs are entitled to actual damages under the Lanham Act.

19. Plaintiffs also are entitled to defendants' profits under the equitable theory of unjust enrichment based on defendants' willful Lanham Act infringement. *Lindy Pen Company, Inc. v. Bic Pen Corp.*, 982 F.2d 1400, 1407 (9th Cir.), *cert. denied*, 510 U.S. 815 (1993). Defendants' conduct was willful for purposes of the Lanham Act in that, even though defendants knew that the work they misappropriated was created by someone else, they still took credit for themselves. Furthermore, defendants could have easily discovered who was responsible for the *Crusade* Series with even a minimal amount of effort. Prior to *Campaigns*' release, defendants had access to and used a book that identified Fox's association with the work. In addition, defendants were able to obtain a full list of the credits in January 1999. They could and should have done so prior to releasing *Campaigns* in 1995. Finally, defendants continued to sell *Campaigns* even after obtaining the *Crusade* Series' credit list and after plaintiffs had alleged their claims for reverse passing off and unfair competition in this action. *See International Star Class*, 80 F.3d at 753-54.

20. To establish defendants' profits under the Lanham Act, plaintiffs need only prove defendants' infringing sales; defendants must prove any costs or other claimed deductions

from those sales. 15 U.S.C. § 1117(a). Again, the Court resolves any doubt as to the computation of costs or profits under the Lanham Act in plaintiffs' favor. *Oddzon Products, Inc. v. Diana Dolls Fashions, Inc.*, No. C-92-20578-JW,1997 WL 33019 (N.D. Cal. 1997). In this case as itemized earlier in this Order, plaintiffs are entitled to $783,606.83 as the award of defendants' profits under the Lanham Act.

21. 15 U.S.C. § 1717(a) confers authority on the Court to treble or otherwise increase the award of defendants' profits in order to deter future infringing conduct. *Pepsico, Inc. v. Triunfo-Mex, Inc.*, 189 F.R.D. 431, 432 (C.D. Cal. 1999). An award of double damages is particularly appropriate here because, as described above, defendants' infringement was willful. Thus, plaintiffs are entitled to double defendants' profits for a total award of $1,567,213.66 under the Lanham Act. *See, e.g., id.*; *Taylor Made Golf Co., Inc. v. Carsten Sports, Ltd.*, 175 F.R.D. 658, 663 (S.D. Cal. 1997); *New York Racing Association, Inc. v. Stroup News Agency Corp.*, 920 F.Supp. 295, 301 (N.D.N.Y. 1996).

C. Injunctive Relief

22. In addition to monetary recovery, plaintiffs are entitled to injunctive relief under the Copyright Act, Lanham Act, and California unfair competition law.

Copyright Infringement

23. Under § 502(a) of the Copyright Act, plaintiffs are entitled to a permanent injunction prohibiting defendants from any further infringement of plaintiffs' copyrighted material. *See, e.g., CDN Inc. v. Kapes*, 197 F.3d 1256, 1262 (9th Cir. 1999); *Sega Enterprises*, 948 F.Supp. at 940; *A&M Records*, 948 F.Supp. at 1460. In light of the fact that *Campaigns* parrots the unique structure, format, sequencing, organization, and tone of the Book, both by its narration and by its visual images, not to mention its focus on obscure

stories having no specific historical significance, plaintiffs are entitled to an injunction prohibiting defendants' distribution of any version of *Campaigns* that uses elements of original subject matter contained in the Book—including its structure, format, contents, sequencing, organization, and tone—not merely Campaigns' use of the literal text from the Book. *See Johnson Controls, Inc. v. Phoenix Control Systems*, 886 F.2d 1173, 1175 (9th Cir. 1989); *Shaw v. Lindheim*, 919 F.2d 1353, 1363 (9th Cir. 1990).

24. In addition to an injunction that permanently restrains defendants from further distributing *Campaigns*, plaintiffs are also entitled to an order that requires defendants to deliver and surrender to plaintiffs all negatives, positive film prints, transcriptions, recordings, video masters or videocassettes in their possession that infringe on or which may have been used to infringe plaintiffs' exclusive rights under the copyrights to the Book. *See* 17 U.S.C. § 503(b); *CyberMedia v. Symantec Corporation*, 19 F.Supp. 1070, 1079 (N.D. Cal. 1998).

Lanham Act Infringement and Violation of California Unfair Competition Law

25. The Lanham Act and California unfair competition law also expressly provide for injunctive relief. 15 U.S.C. § 1116; Cal. Bus. & Prof. Code § 17203. Injunctive relief is the remedy of choice for trademark and unfair competition cases, since there is no adequate remedy at law for the injury caused by a defendant's continuing infringement. *Century 21 Real Estate Corp. v. Sandlin*, 846 F.2d 1175, 1180 (9th Cir. 1980); *see also Sega Enterprises*, 948 F.Supp. at 940; *A&M Records*, 948 F. Supp. at 1460. An injunction is appropriate even when the defendant purports to have stopped its infringing conduct, as defendants claim in this case. *See, e.g., Polo Fashions, Inc. v. Dick Bruhn, Inc.* 793 F.2d 1132, 1135 (9th Cir. 1986); *E & J. Gallo Winery v. Consorzio Del Gallo Nero*, 782 F.Supp. 457, 468 (N.D. Cal. 1991).

26. Under the Lanham Act, plaintiffs are entitled to an injunction permanently restraining defendants from falsely passing off *Campaigns* as their own or otherwise misappropriating plaintiffs' property and engaging in deceptive trade practices and unfair competition.

27. Under California unfair competition law, plaintiffs are entitled to a permanent injunction against continued acts of unfair competition.

D. Attorneys' Fees and Costs

28. Pursuant to Fed.R.Civ.P. 54(d), plaintiffs may file a motion for attorneys' fees and costs.

E. Defendants' Claimed Affirmative Defenses

29. None of the affirmative defenses alleged and argued by defendants in opposition to plaintiffs' contentions as to their remedies affects the Court's ultimate determination of those remedies. As this Court ruled in granting plaintiffs' Motion in Limine No. 3, defendants are precluded from introducing evidence supporting their affirmative defenses that was not produced in discovery. Accordingly, the Court's determineation of the appropriate remedies for defendants' infringement of plaintiffs' rights set forth above is not affected in any way by these claimed affirmative defenses.

Plaintiff is instructed to prepare a Judgment for the Court's signature within ten (10) days of the issuance of this Order.

DATED this 29th day of August 2000.

/s/ Florence-Marie Cooper
FLORENCE-MARIE COOPER JUDGE
UNITED STATES DISTRICT COURT

APPENDIX C

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

[Filed Jan 4, 2000]

CV 98-7189 FMC (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT, LLC, AND NEWLINE HOME VIDEO, INC.,
Plaintiffs,

v.

DASTAR CORPORATION, ENTERTAINMENT DISTRIBUTING, AND MARATHON MUSIC & VIDEO,
Defendants.

DASTAR CORPORATION,
Counterclaimant,

v.

TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT, LLC, NEWLINE HOME VIDEO, INC., AND RANDOM HOUSE SUED AS DOUBLEDAY,
Counterdefendants.

ORDER GRANTING SUMMARY JUDGMENT FOR PLAINTIFFS AND COUNTERDEFENDANTS AND DENYING DEFENDANTS' MOTION FOR SUMMARY JUDGMENT OR IN THE ALTERNATIVE, MOTION TO DISMISS.

I. Introduction/ Procedural History

Plaintiffs, Twentieth Century Fox Film, SFM Entertainment, and New Line Home Video, asserted claims for copyright infringement,[1] reverse passing off under the Lanham Act and unfair competition under California law against Defendants Dastar Corporation, Entertainment Distributing and Marathon Music and Video. This lawsuit is based on the Defendants' distribution of a video series entitled *Campaign in Europe* which Plaintiffs claim is an infringement of the protected material found in the book, *Crusade in Europe*, ("the Book") by General Dwight D. Eisenhower and is an appropriation of the television series *Crusade in Europe* without proper credit. Additional facts are described in Part IV.

Defendants moved for summary judgment or, in the alternative, for dismissal of plaintiffs' claims for lack of standing. Plaintiffs filed a cross-motion for summary adjudication on their claims for copyright infringement, reverse passing off and unfair competition and on defendants' counterclaims for declaratory relief and unfair competition. Random House, sued as Doubleday, joined plaintiffs' motion for summary adjudication on the counterclaims. The parties' motions are pending before the Court.

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[1] 17 U.S.C. § 501 (b) states in part: "The legal or beneficial owner of an exclusive right under a copyright is entitled, subject to the requirements of section 411, to institute an action for any infringement of that particular right committed while he or she is the owner of it." Defendants do not dispute Plaintiffs standing to sue for copyright infringement as the exclusive licensee and sublicensees under Doubleday's copyright in the Book. *See Eden Toys Inc. v. Florelee Undergarment Co. Inc.*, 697 F.2d 27, 36 (2nd Cir. 1982) (if copyright owner granted exclusive license, licensee may sue for infringement in its own name without joining owner).

II. Defendants' Requests to Strike Plaintiffs' Evidence

In the course of briefing on these motions, Defendants filed three requests to strike portions of the Plaintiffs's submissions.[2] Two were aimed at the admissibility of nearly every piece of Plaintiffs' evidence offered in support of their motion for summary adjudication. The third was a motion to strike under Rule 11 alleging that Plaintiffs had incorrectly cited two cases in their reply brief. Because defendants' evidentiary arguments relate to the findings of undisputed fact in Part IV, the Court addresses defendants' claims at the outset.

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[2] The Court notes that on November 17, 1999, the Honorable Dickran Tevrizian ordered no further briefing on either plaintiffs' or defendants' motions after the plaintiffs' filing of their reply in support of their cross-motion for summary judgment on December 6, 1999. Although the case has been transferred to this Court, the previous orders are in full effect.

Both parties have filed documents well after the deadline. The Court agrees with plaintiffs that portions of defendants' filings on December 13, 1999, contain argument appropriate only in a timely filed brief. However, because Federal Rule of Evidence 56(e) requires admissible evidence, defendants are entitled to challenge the admissibility of the evidence offered by plaintiffs in their reply. On the same grounds, the Court considers plaintiffs' response to the defendants' evidentiary challenges. The Court resolves these evidentiary matters as explained in text.

However, the Court strikes defendants' Summary of Oral Argument filed December 21, 1999. The Court is fully aware of the numerous filings on the cross-motions for summary judgment; defendants' additional filing adds only to the volume of paper they have already submitted. Moreover, the filing violates the Court's order of November 17, 1999. Plaintiffs' fling on December 22, 1999, is similarly disregarded.

On December 28, 1999, defendants' filed a document entitled "Suggestions on Oral Argument by Defendants." Parties are not permitted to respond in writing to the Court's tentative order. The Court strikes defendants' "Suggestions."

A. Documents from the McCormick Collection and the Eisenhower Library

Plaintiffs have submitted documents from the McCormick collection at the Library of Congress and the Eisenhower Presidential Library as evidence in support of their motion. Defendants object to these documents on two grounds: failure to disclose and hearsay.

Defendants contend that the documents are inadmissible because plaintiffs did not disclose the documents until they were filed in the course of the summary judgment papers. Defendants argue that the belated disclosure violates Local Rule 6.2.2 which imposes a continuing duty on parties to disclose all documents "contemplated to be used," A party who, without substantial justification, fails to disclose information is not permitted to use the information at trial or in support of a motion unless such failure is harmless. Fed. R. Civ. P. 37(c)(1).

Plaintiffs contend there is no violation of the local rules because the documents retrieved from the presidential library were neither responsive to defendants' discovery request nor contemplated for use until they learned of the arguments made in the defendants' motion for summary judgment. Plaintiffs' declaration with respect to their contemplated use and disclosure in their opposition to defendants' motion is sufficient under Local Rule 6.2.2. The documents from the McCormick collection were not retrieved until after October 20, 1999. In the midst of summary judgment filings, disclosure less than one month after receipt of documents is sufficient under Rule 6.2.2.

Defendants also object to all of the documents from both collections on the grounds that they are hearsay. Plaintiffs assert that they are admissible as ancient documents. Federal Rule of Evidence 803(16) provides an exception to the hearsay rule for documents at least twenty years old, if they

are properly authenticated. An ancient document is authenticated under Rule 901(8) if it (1) is in such condition as to create no suspicion concerning its authenticity; (2) was in a place where it, if authentic, would likely be; and (3) has been in existence twenty years or more at the time offered. The Court finds that the documents from the McCormick collection and the Eisenhower Library meet the requirements for authentication pursuant to Rule 901(8). Each is in sufficient condition to avoid suspicion; is identified as a document in either the Library of Congress' collection or the Eisenhower Library; and contains a date or other information demonstrating that the document has been in existence more than twenty years. Accordingly, these documents are admissible as exceptions to the hearsay rule. Defendants' objections to Exhibits A-Z to Powers' declaration are overruled. Defendants' objections to Exhibits A-K to Jahss' declaration are overruled.

B. Declarations and Remaining Exhibits

1. Feinstein and Unsigned Declaration of Levathes

Defendants object on hearsay grounds to the declaration of Feinstein which relayed Feinstein's conversation with Levathes who was unable to sign his declaration due to illness. The Court will consider only the recently filed signed declaration by Levathes. The Defendants' objections to the declaration of Feinstein and the unsigned declaration of Levathes are sustained.

2. Levathes' Signed Declaration

Defendants also object to Levathes' signed declaration stating that plaintiffs failed to disclose Levathes as a witness. Plaintiffs respond that they did not discover Levathes until October 28, 1999. The Court agrees with plaintiffs that their disclosure of Levathes' testimony shortly thereafter is sufficient under Rule 6.2.2. Defendants object to several paragraphs of Levathes' declaration. Paragraph two states

that "People looked to movie theaters in those days as a major source of their news." Defendants object for lack of foundation. Whether or not Levathes, who worked in the movie industry at the time, has sufficient personal knowledge, the statement is irrelevant to the issues before the Court. The sentence is not admissible. Paragraph four states that Levathes believed Fox should get into television because it would be a major vehicle for news programming. Defendants object based on relevance and lack of foundation. This statement of Levathes' belief is relevant to his motivation in urging Fox to develop the series for television based on the Book. Levathes certainly has personal knowledge of his own state of mind. Defendants next object to the statement that "Mr. Skouras told me to explore the idea" as hearsay. A statement is not hearsay if it is not offered for the truth of the statement. Whether or not Skouras made the statement, it explains Levathes' motivation for pursuing the project for Fox. Defendants' objections to paragraph four are overruled. Defendants' objection to paragraph five is based on their argument that Levathes' declaration as to his state of mind is without foundation and is irrelevant. It is relevant to the issue of the television series being an accurate reflection of the Book and is clearly within Levathes' personal knowledge. Defendants object to paragraph six on the grounds that it contains "conclusionary statements." Paragraph six contains factual statements of the steps Levathes took to secure the television rights from Doubleday. Defendants' objection is overruled. Levathes' statement that he "informed Time during negotiations that the *Crusade in Europe* television series . . . had to be faithful to the book" is admissible hearsay under Rule of Evidence 803(3). It is "[a] statement of the declarant's then existing state of mind . . . such as intent, plan, motive, design" . . . . F. R. E. 803(3). Levathes' description of portions of the agreements between Fox and Doubleday which are attached as exhibits is also permissible. Finally, defendants object to paragraphs nine, ten and eleven

for lack of foundation. These paragraphs detail Levathes' role in adapting the Book into the series, the agreement for payment and the use of the text of the Book are based on Levathes' personal knowledge and, accordingly, have sufficient foundation. Defendants' objections are overruled.

3. Declaration of Moger

Defendants object to portions of Moger's declaration on several different grounds. The Court overrules defendants' objections for the following reasons. The sentence objected to as conclusory contains statements of fact within the personal knowledge of Moger. The objection to the use of the word "restored" as ambiguous in the third paragraph is fully explained in the remaining part of that paragraph. Declarant has sufficient personal knowledge as foundation to explain the condition of the film received from Time. Declarant does not relay hearsay in paragraph four. Paragraphs five to seventeen are relevant to establishing SFM's role in the creation of the *Crusade in Europe* videos. Moger's statements that he was "outraged" are not the proper subject of a declaration and will be disregarded by the Court.

Defendants object to exhibits A, B and C attached to Moger's declaration on the grounds that they were not disclosed. Plaintiffs' respond that they did not contemplate using exhibit A until the motions for summary judgment were filed and that exhibits B and C were disclosed in plaintiffs' initial disclosures. As explained above, only documents a party contemplates using are required to be disclosed under Local Rule 6.2.2. The Court finds that exhibit B was attached to plaintiffs' original complaint as exhibit I and that exhibit C was attached as exhibit H. The Court notes that the original exhibit markings remain on the copies attached to Moger's declaration and are readily apparent. Defendants' objections to exhibits A, B and C to Moger's declaration are overruled.

4. Declaration of John Eisenhower

Defendants objections to Eisenhower's statements on the grounds that he lacks personal knowledge and that the statements therefore lack foundation are overruled. The Court finds that Eisenhower's declaration contains sufficient facts of his dealings with his father and his familiarity with his father's affairs to provide ample foundation and personal knowledge to support his statements in paragraphs five, six, seven, eight, nine, ten and eleven. Two sentences contain speculative statements about the secretaries provided to General Eisenhower and the number of changes made by Doubleday to the General's book. Plaintiffs' assert that these statements are permissible under Federal Rule of Evidence 701. The Court finds that the statements meet the provisions of that Rule because (1) they are rationally based on the perception of Eisenhower and (2) they are helpful. Eisenhower's statement based on his conversation with his father in paragraph six falls within the residual exception to hearsay because the statement is evidence of a material fact, is probative and is reliable. Federal Rule of Evidence 807. Defendants objection to Eisenhower's statement that he believes the family does not have a right to renew the Book's copyright because it belongs to Doubleday is sustained.

5. Declaration of Vaughan

Defendants object to much of Vaughan's declaration on the grounds that the statements are not based on personal knowledge and lack foundation. The Court finds that Vaughan's statements about his experience working at Doubleday beginning in 1952, in combination with his working relationships with Doubleday executives and General Eisenhower, provide sufficient personal knowledge and foundation for his declaration. Vaughan's statements that General Eisenhower "welcomed" Doubleday's assistance and that the book would not have been published without Doubleday's urging are based on the knowledge he obtained

from his relationship with General Eisenhower; they are not speculative. These statements are based on hearsay but fall within the residual hearsay exception because they are evidence of material facts probative and reliable. Fed. R. Evid. 807. Defendants' objections to Vaughan's declaration based on lack of foundation and personal knowledge are overruled. Defendants' objections based on relevance are sustained with respect to Vaughan's statement that copyrights are the "legal and financial stock-in-trade" of publishing and Vaughan's belief that defendants' challenge to the copyright is "ironic." Lines 5:23-26, 6:1-4.

6. Exhibit A to the Declaration of Reed

Defendants objected to the copy of *Crusade in Europe* and the face page of the Book, filed as Exhibit A, because plaintiffs disclosed a different edition to the book. The Court finds no basis for excluding the exhibit on this ground. The objection is overruled.

7. Exhibits F and H to the Supplemental Declaration of Jahss

Defendants abject to exhibits F and H on the grounds that they were not disclosed and are hearsay. Exhibit F is the introduction to General Eisenhower's book *At Ease: Stories I Tell To Friends.* General Eisenhower's own words in this book fall within the residual hearsay exception because they are evidence of a material fact, probative and most certainly reliable. Fed. R. Evid. 807. Rule 807 requires a party offering evidence under this rule to provide the adverse party with sufficient notice. Defendants argued at oral argument that the filing of this evidence with plaintiffs' reply was insufficient notice. Defendants further argued that because they were not permitted to file any papers after plaintiffs' reply, the evidence is inadmissible. Defendants certainly could have requested leave to respond to plaintiffs' new evidence. Moreover, the Court's order precluding filings after

plaintiffs' reply did not stop defendants from filing several other objections to plaintiffs' evidence after that date. The introduction to *At Ease* was provided to defendants with sufficient notice. Defendants objections are overruled.

Exhibit H is an excerpt from a journal *Columbia Library Columns* which details General Eisenhower's path to becoming the University's president. The single sentence of the article that is relevant to this case is "The horrible demands of his new position dismayed the General, according to the *New York Herald Tribune's* Bill Robinson, who would be instrumental with Doug Black in publishing *Crusade in Europe*." Jahss Supp. Declaration, Ex. H at 59. Even though defendants' objection to the article is sustained, the involvement of Black and Robinson in persuading General Eisenhower to write the Book is established by other evidence.

C. Rule 11

The Court denies Defendants' request to strike Plaintiffs' reply memorandum under Federal Rule of Civil Procedure 11. Defendants contend that Plaintiffs' incorrectly cited two cases to the Court. The Court finds that Plaintiffs' citation to *Comedy III Productions, Inc. v. New Line Cinema* does not violate Rule 11. *Comedy III* does contain the statement, albeit in dicta, that the exploitation of an item in the public domain may be cognizable under the Lanham act. The Court also finds that Plaintiffs' citation to *Lamothe v. Atlantic Recording Corporation* as a general statement of standing under the Lanham act does not violate Rule 11.

III. Summary Judgment/Summary Adjudication Standard

Summary judgment or summary adjudication is only proper where "the pleadings, depositions, answers to interrogatories, and admissions on file, together with the affidavits, if any, show that there are no issues as to any

material fact and that the moving party is entitled to judgment as a matter of law." Fed. R. Civ. Pro. 56(c).

The moving party bears the initial burden of demonstrating the absence of a genuine issue of material fact. *Anderson v. Liberty Lobby, Inc.*, 477 U.S. 242, 256,106 S. Ct. 2505, 91 L. Ed. 2d 202 (1986). Whether a fact is material is determined by looking to the governing substantive law; if the fact may affect the outcome, it is material. *Id.* at 248.

If the moving party meets its initial burden, the "adverse party may not rest upon the mere allegations or denials of the adverse party's pleadings, but the adverse party's response, by affidavits or as otherwise provided in this rule, must set forth specific facts showing that there is a genuine issue for trial." Fed. R. Civ. P. 5b(e). Mere disagreement or the bald assertion that a genuine issue of material fact exists does not preclude the use of summary judgment. *Harper v. Wallingford*, 877 F.2d 728 (9th Cir.1989).

IV. Uncontroverted Facts

Each set of moving parties filed a Statement of Uncontroverted Facts. Defendants responded to the vast majority of plaintiffs' statement by disputing the admissibility of the evidence on which the asserted facts were based. The Court's ruling on the admissibility of the evidence is discussed in Part 11. Defendants' evidentiary arguments do not meet the requirement that parties "identify with reasonable particularity" evidence supporting their contentions that material facts are disputed. *See Keenan v. Allen*, 91 F.3d. 1275, 1279 (9th Cir. 1996). To the extent defendants identified evidence allegedly contradicting plaintiffs' remaining facts, they pointed only to entire documents as support, i.e., "depositions of Tarter and Andersen." (Defendants' response to plaintiffs' Statement of Uncontroverted Facts paras. 82, 84, 85.) Citation to an entire deposition is not "reasonable particularity" and is insufficient

to dispute plaintiffs' factual contentions. The Court may assume the material facts as claimed and supported by plaintiffs are admitted to exist absent evidence filed by defendants to controvert those facts. Local Rule 7.14.3. To the extent the Court finds the plaintiffs' facts relevant to this motion, they are stated below.

Defendants' Statement of Uncontroverted Fact contains, in large part, legal argument, i.e., "The fact that in the thirty-one (31) initial 1948 registrations . . . DOUBLEDAY did not identify itself as the author with the work being 'a work for hire' is compelling evidence that the General Eisenhower work, *Crusade in Europe*, was not a work for hire at that time, and was not contemplated by the parties to be a work for hire." (Defs. Statement of Uncontroverted Fact para. 21) Defendants also recite allegations found in plaintiffs' complaint and the responses to those allegations filed in the answer. The Court observes, as the Ninth Circuit did in *Keenan*, that defendants' "counsel certainly cannot be accused of remaining silent, but by submitting [a document] that obfuscates rather than promotes an understanding of the facts, [counsel] has assisted neither the court nor [the] clients." 91 F.3d at 1279. To the extent defendants' statement contains uncontroverted facts helpful to the Court, they are stated below.

THE BOOK

1. As early as 1944, General Eisenhower was asked to write his memoirs of his War experience by book publishers including Doubleday. (Power Decl. Exh. A).

2. Although the General initially rejected the proposals, he was approached by Douglas Black of Doubleday and William Robinson of the New York *Herald Tribune* about writing his memoir to convey his personal first-hand experience of the war. Black convinced Eisenhower that only his account could dispel inaccurate reports found in other books. (Jahss Supp. Decl. Ex. F, Vaughan Decl., J. Eisenhower Decl.).

3. In December of 1947, Eisenhower sought tax advice from the Department of Treasury stating that he had been "urged" by publishers to write his war memoirs. (Jahss Decl. EX. F)

4. By January of 1948, General Eisenhower began discussing with Doubleday editor in chief Ken McCormick and William Robinson of the *Herald Tribune* the preparation and the content of the Book. (Power Decl. Ex. J, Jahss Decl. Ex. P)

5. On February 8, 1948, General Eisenhower began writing the Book. (Jahss Supp. Decl. Ex F).

6. Ken McCormick supervised the "necessary work in connection with the preparation of the manuscript." (Jahss Decl. Ex. P) Joe Barnes, editor at the *New York Herald Tribune*, also assisted in editing the manuscript. (Jahss' Decl. Ex. R)

7. Doubleday hired several others to assist with the Book including Kevin McCann, Doug Wallop, and John Kennedy. (Power Decl. Ex. H) Wallop and Kennedy served as secretaries who transcribed and typed the manuscript. (Powers Decl. Ex. G, H, I) Arthur Nevins was hired to check historical facts and add notations to the manuscript. (Powers Decl. P) Doubleday paid the salaries and the expenses of each of these individuals. (Power Decl. H, P, S).

8. On December 8, 1948, General Eisenhower signed an agreement acknowledging the sale of the Book and "all rights of every nature pertaining thereto" to Doubleday for the sum of $635,000. (Jahss Decl. Ex. L)

9. Doubleday worked on the promotion and manufacture of the Book long before the Eisenhower/Doubleday contract was executed and the Book was published including developing printing specifications and marketing plan. (Jahss Decl. Ex. W, Power Decl. Exs V, Z)

10. Doubleday published the Book on November 22, 1948. The first thirty excerpts appeared in the November 7, 1948, edition of the *Herald Tribune*. (Jahss Decl. Y, Power Decl. Exs. I, W)

11. Doubleday obtained certificates of registration for the copyrights to the Book and the *Herald Tribune* excerpts in 1948. Doubleday was listed as the copyright claimant. (Jahss Decl Exs. Z, AA)

12. In 1975, Doubleday renewed the copyrights as the "proprietor of copyright in a work made for hire." (Jahss Decl. Exs. BB, CC)

THE *CRUSADE* SERIES

13. In 1948, Doubleday granted to Twentieth Century Fox Television Productions, Inc., the sole and exclusive television rights in the Book. (Plaintiffs' Statement of Uncontroverted Facts para. 46. Defendants did not provide evidence to contradict this fact.)

14. Peter Levathes, Vice President of Twentieth Century Fox, arranged and oversaw the production of the television series to be made from the Book. (Plaintiffs' Statement of Uncontroverted Facts para. 47. Defendants did not provide evidence to contradict this fact.)

15. Levathes negotiated an agreement with Time Incorporated to produce the series titled *Crusade in Europe*. The agreement provides that the *Crusade in Europe* series must be based upon or illustrate the Book. (Plaintiffs' Statement of Uncontroverted Facts paras. 47, 50. Defendants did not provide evidence to contradict this fact.)

16. In 1988, Fox reacquired the television rights in the Book from Doubleday including the exclusive right to distribute on video the *Crusade* television series. (Plaintiffs' Statements of Uncontroverted Facts paras. 58, 59. Defendants did not provide evidence to contradict this fact.)

17. In 1988, Fox granted to SFM Entertainment the right to act as its exclusive sales agent and distributor of the *Crusade* series in all media, including video, and to sublicense others to do the same. SFM in turn granted exclusive license to distribute the *Crusade* series to Embassy Home Entertainment and thus to New Line Home Video. (Embassy Home Entertainment's successor in interest). (Plaintiffs' Statement of Uncontroverted Facts para. 62. Defendants did not provide evidence to contradict this fact.) SFM located the negatives of the original *Crusade* television series, had them restored and reproduced for sale on video. SFM spent approximately $75,000 in restoring the series. (Plaintiffs' Statement of Uncontroverted Facts paras. 65, 67, 71. Defendants did not provide evidence to contradict this fact.)

18. The *Crusade* video series is a direct reproduction of the *Crusade* television series. (Plaintiffs' Statement of Uncontroverted Facts para. 72. Defendants did not provide evidence to contradict this fact.)

19. The credits of the *Crusade* videos include New Line Home Video, SFM, "A March of Time Production By Arrangement with 20th Century Fox" and "Eisenhower's Crusade in Europe Based on the Book by Dwight D. Eisenhower." (Plaintiffs' Statement of Uncontroverted Facts para. 73. Defendants did not provide evidence to contradict this fact.)

THE *CAMPAIGN* SERIES

20. Dastar began producing videos in 1995. At that time, Norman Andersen was president of Dastar and, beginning in September of 1995, Lanny Tarter was Dastar's director of video acquisitions. (Plaintiffs' Statement of Uncontroverted Facts paras. 77-78, Defendants did not provide evidence to contradict these facts.)

21. To create *Campaigns*, Tarter purchased eight beta cam tapes of the *Crusade* television series of sufficient quality so as to be able to reproduce them *en masse*. (Plaintiffs' Statement of Uncontroverted Facts paras. 82-83. Defendants did not provide evidence to contradict these facts.)

22. Tarter copied the *Crusade* series in its entirety to make *Campaigns*. He then substituted a new opening title sequence, credit page and final closing for the original versions that appeared in the *Crusade* series; substituted 26 new chapter-title sequences; deleted any references to the Book including images of the Book (approximately twenty minutes of footage); added music; and moved the *Crusade*'s recap to the beginning. (Plaintiffs' Statement of Uncontroverted Facts para. 84. Defendants Statement of Uncontroverted Facts para 70.)

23. The credits for *Campaigns* identify Anderson as executive producer, Barbara Kaye as associate producer and Tarter as producer. (Plaintiffs' Statement of Uncontroverted Facts para. 100. Defendants did not provide evidence to contradict these facts.)

24. The Book and the Campaign video series are organized around the same six subjects: (1) the build-up of United States armed forces before world War II and the entry of the U.S. into the war; (2) the Allied campaign in North Africa; (3) the Allied Campaign in Italy; (4) the Allied campaigns in France and Germany leading to victory in Europe; (5) the involvement of Russia in the War in Europe; and (6) the post-war period. (Reed Decl. Para 7) (Plaintiffs' Statement of Uncontroverted Facts para. 92. Defendants did not provide evidence to contradict this fact.)

25. The sequencing of the topics in the Book is roughly the same as that in *Campaigns*; many of the same topics are juxtaposed and recounted in the same order, and the overall presentation of the War is the same. (Reed Decl. Ex. C)

(Plaintiffs' Statement of Uncontroverted Facts para. 97. Defendants did not provide evidence to contradict this fact.)

26. The Book tells General Eisenhower's personal story of World War II and is organized around his personal experiences and perspectives. *Campaigns*, in truncated form, repeats General Eisenhower's personal story, following the same route as the Book. (Reed Decl. Para 9) (Plaintiffs' Statement of Uncontroverted Facts para. 95-96: Defendants did not provide evidence to contradict this fact.)

27. *Campaigns* contains text from the Book. There are 853 sentences in the Book that appear in *Campaigns*; 244 pages of the Book, or 51.2%, contain text directly copied or closely paraphrased in *Campaigns*; and 2,211 lines of text out of an approximate total of 19,000 lines (11.6%) contain text directly copied or closely paraphrased in *Campaigns*. (Reed Decl. Para. 5) The Court notes defendants' assertion disputing this statement of fact. However, defendants bald assertion that four percent of the Book appears in the *Campaign* videos, much of which is historical fact, without pointing to admissible evidence is insufficient to dispute plaintiffs' statement.

V. Plaintiffs' Motion for Summary Adjudication

Plaintiffs argue that they are entitled to summary adjudication on their claims for copyright infringement, reverse passing off and unfair competition under California law. They also seek summary adjudication on defendants counterclaims.

A. Copyright Infringement

To prevail on their claim for copyright infringement plaintiffs must demonstrate both ownership of the copyright of the Book by Doubleday and unauthorized copying of protected elements of the work by defendants. *CDN Inc. v.*

Kapes, __F. 3d __, 1999 WL 1080177 (9th Cir. Dec. 2, 1999); *Shaw v. Lindheim*, 919 F.2d 1353, 1355 (9th Cir. 1990).

1. Ownership of the Copyright

The ownership of the copyright in this case turns on whether Eisenhower wrote the Book as a "work for hire" for Doubleday. If it is a work for hire, Doubleday, as the proprietor, was authorized to renew the copyright and continues to hold a valid copyright. If the book was not a work for hire, the right to renew the copyright belongs only to General Eisenhower's heirs. There is no dispute that Doubleday renewed the copyright as the proprietor of the original copyright.

Under the 1909 Copyright Act, proprietorship of a work made for hire belongs to the person at whose "instance" and "expense" it was created. "[W]hen one person engages another, whether as employee or as an independent contractor, to produce a work of an artistic nature, [sic] in the absence of an express contractual reservation of the copyright in the artist, the presumption arises that the mutual intent of the parties is that the title to the copyright shall be in the person at whose instance and expense the work is done." *Lin-Brook Builders Hardware v. Gertler*, 352 F.2d 298, 300 (9th Cir. 1965); *see also May v. Morganelli-Heumann & Associates*, 618 F.2d 1363, 1368 n.4 (9th Cir. 1980).[3]

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[3] Defendants asserted at oral argument that without a showing that Doubleday had the right to supervise and control Eisenhower's work, the Court cannot conclude that the Book was a work for hire. Defendants point only to Second Circuit law for this additional requirement. This Court may properly look to another circuit for guidance where there is a vacuum of authority. However, the Court is not authorized to import an additional test currently required by the Second Circuit, but not the Ninth.

Even if plaintiffs were required to establish that Doubleday had the right to supervise and control Eisenhower's work, the Court finds

Although the Ninth Circuit has not identified a specific test for evaluating the "instance and expense" of creating a work, it has frequently cited case law from the Second Circuit as a source of the standard.

The "instance" prong of the test is met where "the motivating factor in producing the work was the employer." *Playboy Enterprises, Inc. v Dumas*, 53 F.3d 549, 554 (2nd Cir. 1995). The evidence demonstrates that, of the many publishers who encouraged the General to write his memoirs at the end of the Second world war, only Douglas Black of Doubleday and William Robinson of the New York *Herald Tribune* convinced General Eisenhower that his personal, first-hand experience of the war was necessary: (Finding of Fact 2) In light of the evidence that General Eisenhower had rejected previous offers to publish, the Court finds that the "instance" prong of the test is met because Black and Doubleday were the "motivating factor" behind General Eisenhower writing the Book.

The "expense" requirement is met where a hiring party pays an independent contractor a sum certain for his or her work in contrast to paying royalties. *See Playboy*, 53 F.3d at 555; *Yardley v. Houghton Mifflin Co. Inc.*, 108 F.2d 28, 31 (2d Cir. 1939). General Eisenhower was paid a flat fee for the Book and retained no right to royalties. (Finding of Fact 7) In addition, there is ample evidence that Doubleday paid the expenses surrounding the creation of the Book. Doubleday

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sufficient evidence on these points. First, it is undisputed that editors from Doubleday discussed with Eisenhower the content and format of the Book as early as January of 1948. An editorial team from Doubleday and the *Herald Tribune* edited the entire manuscript. The fact-checker hired and paid by Doubleday stated that he offered suggestions for modifications and additions to Eisenhower where the original draft did not conform with historical facts. (Power's Decl. Ex. P) Finally, John Eisenhower stated in his declaration that the Book reflects changes made by Doubleday's editorial staff. (Eisenhower Decl. para.8,10)

hired and paid the transcribers, typists and the fact checker of the Book. (Finding of Fact 6). These facts are sufficient to meet the "expense" prong of the test.

Plaintiffs have presented substantial credible evidence that General Eisenhower wrote the book, *Crusade in Europe*, at the "instance and expense" of Doubleday. Accordingly, as a matter of law, the Book is a work for hire. Doubleday, as the employer of the author of the Book, is the proprietor of its copyright.

Defendants make much of the fact that the Book's original copyright registration does not indicate that it was a work for hire. Section 209 of the 1909 Act provides that a certificate of registration shall be prima facie evidence of the facts stated therein. 3 Nimmer on Copyright, § 12.11 at 12-77 n. 2. The facts contained on the registration certificate include that Doubleday is the owner of the copyright and that General Eisenhower is the author of the Book. In contrast, the registration is silent as to whether the Book was written as a work for hire. Section 209 does not require a Court to accept the registration as prima facie evidence of facts absent from the registration. Despite defendants' contentions, the Book's registration certificate does not contradict the Court's conclusion that the Book was a work for hire.

2. Copying

The next inquiry is whether the defendants copied the protected expression in the Book. The fact that the copyright in the derivative work, the *Crusade in Europe* film series, was not renewed does not affect the validity of Doubleday's copyright in the parts of the book used in the films. *Stewart v. Abend*, 495 U.S. 207, 231, 110 S. Ct.1750, 109 L. Ed. 2d 184 (1990); *Batjac Productions, Inc. v. Goodtimes Home Video Corp.*, 160 F.3d 1223, 1227 (9th Cir.1998); *see also, Russell v. Price*, 612 F. 2d 1123, 1128 (9th Cir.1979) ("although derivative work may enter the public domain, the matter

contained therein which derives from a work still covered by statutory copyright is not dedicated to the public").

Because direct copying is often difficult to prove, a plaintiff can satisfy the second element of the test for infringement by demonstrating that (a) a defendant had access to the allegedly infringed work and (b) the two works are substantially similar in both idea and expression of that idea. *See Narell v. Freeman*, 872 F.2d 907, 910 (9th Cir. 1989). However, where there is an admission of copying, the court need not employ the two part analysis. *Norse v. Henry Holt and Co.*, 991 F.2d 563, 566 (9th Cir. 1993); *Cordon v. Walker*, 1996 WL 672969 *3 (S.D. Cal. 1996). Here defendants admit that they copied the television series *Crusade in Europe* in making its series *Campaign in Europe*. Plaintiffs have submitted ample evidence demonstrating that both the *Crusade* series and *Campaign* videos contained significant portions of the Book. (Finding of Fact 27) Moreover, defendants admit that "there are 'expressions' or 'statements' from the Eisenhower[sic] book (without reference to the Book) which are utilized" in their videos. (Defendants' memorandum in support of summary judgment or motion to dismiss at 4.) The Court finds that defendants' admission of copying the television series, which contained significant portions of the Book, is a sufficient admission of copying portions of the protected Book.

Plaintiffs are entitled to summary adjudication of their copyright infringement claim.

B. Lanham Act Claim for Reverse Passing Off

"Section 43(a) of the Lanham Act [4] prohibits the use of false designations of origin and false representations in the

[4] Section 43(a) of the Lanham Act provides in part: Any person who . . . uses in commerce . . . any false designation of origin, false or misleading description of fact, or false or misleading representation of

advertizing and sale of goods and services." *Cleary v. News, Corp.*, 30 F.3d 1255, 1259 (9th Cir. 1994). Plaintiffs' claim is based on the defendants' sale of *Campaigns*, which they allege is substantially the *Crusade* television series, without proper identification of the television series. The Act's unfair competition prohibitions extend to "palming off" or "passing off:" the selling of a good or service of one person's creation under the name or mark of another. *See Lamothe v. Atlantic Recording*, 847 F.2d 1403, 1406 (9th Cir. 1988); *Smith v. Montoro*, 648 P.2d 602, 604 (9th Cir. 1981).

Express reverse passing off occurs when one party obtains a second party's goods, removes the second party's name, and markets the product under its own name. *See Summit Mach. Tool Mfg Corp. v. Victor CNC Systems, Inc.*, 7 F.3d 1434, 1437 (9th Cir. 1993). As a matter of policy, reverse palming off

> "is wrongful because it involves an attempt to misappropriate or profit from another's talents and workmanship. Moreover, in reverse palming off cases, the originator of the misidentified product is involuntarily deprived of the advertising value of its name and of the goodwill that otherwise would stem from public knowledge of the true source of the satisfactory product."

Smith, 648 F.2d at 607. The practice is also misleading to consumers who are "deprived of knowing the true source of the product and may even be deceived into believing that it comes from a different source." *Id.*

fact, which (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, . . . shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act. Codified at 15 U.S.C. § 1125 (a).

1. Standing

As explained in Part VI, defendants assert that plaintiffs do not have standing to assert a claim under the Lanham Act. Even if the *Crusade* television series is in the public domain, plaintiffs are not precluded from asserting a claim. "The dispositive question is whether the party has a reasonable interest to be protected against false advertising." *Lamothe*, 847 F.2d at 1405. Plaintiffs are the producers and sellers of the *Crusade* video series. They are the holders of the exclusive license to produce and distribute the *Crusade* television series on video. They have a clear interest in preventing defendants from misleading the public in the sale of the *Campaign* videos.

2. Standard for Reverse Passing Off

To prevail on their claim of reverse passing off plaintiffs must demonstrate that defendants' work is a "bodily appropriation" of the television series. *See Cleary*, 30 F.3d at 1261. "Bodily appropriation" is the "copying or unauthorized use of substantially the entire item." *Id.* citing *Harper House Inc. v. Thomas Nelson, Inc.*, 889 F2d 197, 205 (9th Cir. 1989).

Defendants admit that they copied the entire *Crusade in Europe* series to create *Campaigns*. They modified *Crusade* by adding a new opening title sequence, chapter-heading sequences, credit page, music and closing. (Findings of Fact 22) They removed approximately twenty minutes of footage relating to the Book. (Findings of Fact 22) This is the sum total of changes made by defendants to the *Crusade* series in making the *Campaign* series. These minor changes are insufficient to avoid liability under the Lanham Act. *See Summit Mach. Tool Mfg Corp.*, 7 F.3d 1434,1437 (9th Cir. 1993) citing *Roho Inc. v. Marquis* 902 F.2d 356, 359 (5th Cir. 1990) ("A defendant may also be guilty of reverse

palming off by selling or offering for sale another's product that has been modified slightly and then labeled with a different name.").

The Court finds that defendants have copied substantially all of the television series. The Court also finds that defendants failure to identify the television series and the Book is misleading to the public; it gives the false impression that the series contains only the work of those listed in the credits even though the television series was produced by Fox and Time and significant portions of the Book are used verbatim.[5] The Court concludes that defendants' series is a "bodily appropriation" of the television series. Plaintiffs are entitled to summary adjudication on their claim for reverse passing off.

C. Unfair competition

Plaintiffs state that they are entitled to summary adjudication of their claim for unfair competition under California law. They state that the same facts demonstrating a violation of the Lanham Act are sufficient to demonstrate a violation of California Business & Professional Code §§ 17200 and 17500. *See Summit Technology, Inc. v. High-Line Medical Instruments Co.*, 933 F. Supp 918 (C.D. Cal. 1996) (holding that facts supporting a party's claim for reverse passing off also support claims for unfair

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[5] The Court observes that in response to one of plaintiffs' uncontroverted facts, defendants state that Anderson testified in his deposition that he put stickers stating "Contains Film Footage from the Previously Released *Crusade in Europe*" on some of the videos because he did not want a consumer to purchase the *Campaign* series if the customer had already purchased the *Crusade* series. Defendants did not provide the portion of Anderson's deposition containing this statement. Although not supported by proper evidence, this statement confirms the Court's conclusion that the two video series are similar enough to cause confusion among consumers.

competition). Because the ultimate test under both is "whether the public is likely to be deceived or confused" the Court's finding that defendants' actions are misleading under the Lanham Act controls the resolution of the unfair competition claim. *See Cleary v. News Corporation*, 30 F. 3d. 1255, 1262-63 (9th Cir. 1994) ("actions pursuant to California Business and Professions Code § 17200 are 'substantially congruent' to claims made under the Lanham Act"). Plaintiffs are entitled to summary adjudication of their claims for unfair competition under California law.

Because summary adjudication on each of plaintiffs' claims is proper, they are entitled to summary judgment.

D. Defendants' Counterclaims for Declaratory Relief and Unfair and Unfair Competition

The Court's conclusion that Doubleday's copyright in the book is valid controls the resolution of defendants' counterclaims for declaratory relief and unfair competition. The Court grants summary judgment in favor of Fox, SFM, New Line and Random House on defendants' counterclaims.

VI. Defendant's Motion for Summary Judgment or Motion to Dismiss

Defendants moved for summary judgment on plaintiffs' claims for copyright infringement, reverse passing off under the Lanham Act and unfair competition under California law. In the alternative, defendants' moved to dismiss plaintiffs claims. Both motions are based on defendants' contention that plaintiffs do not have standing.

First, defendants allege that Doubleday is not the proprietor of the copyright to the Book. Defendants argue that because Doubleday is not the proper holder of the Book's copyright, it cannot state a claim for copyright infringement. The Court's conclusion in Part V.(A). controls the resolution of this issue on defendants' motions.

Next, Defendants contend that plaintiffs do not have standing to bring a Lanham Act claim on two grounds. First, because Time Inc. registered the original *Crusade* series, defendants assert that Time is the only proper plaintiff. Second, defendants assert that because Time's registration was not renewed, the series became part of the public domain. Accordingly, defendants contend that plaintiffs cannot allege unfair competition claims resulting from defendants' use of elements of a public domain work. Again, the Court's resolution in Part V.(B). controls.

Defendants' motion for summary judgment or, in the alternative, to dismiss is denied.

VII. Conclusion

The Court grants summary judgment for plaintiffs on their claims and for the counterdefendants on the counterclaims. Defendants' motion for summary judgment and alternative motion to dismiss are denied.

IT IS SO ORDERED.

/s/ Florence-Marie Cooper
FLORENCE-MARIE COOPER
United States District Judge

January 4, 2000

SUPREME COURT, U.S.
FILED
NOV 18 2002
OFFICE OF THE CLERK

No. 02-428

IN THE

Supreme Court of the United States

DASTAR CORPORATION,

Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT LLC, AND NEW LINE HOME VIDEO, INC.,

Respondents.

On Petition for a Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

BRIEF IN OPPOSITION

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QUESTIONS PRESENTED

1. Whether the Ninth Circuit correctly held that petitioner's "bodily appropriation" of respondents' video documentary series was likely to cause confusion.

2. Whether section 35(a) of the Lanham Act authorized an award of double petitioner's profits where the district court found that petitioner had committed a willful violation, respondents had suffered actual damages, and that it needed to deter future violations.

PARTIES TO THE CASE

The petitioner, appellant below, is Dastar Corporation, referred to herein as "Dastar." The respondents, appellees below, are Twentieth Century Fox Film Corporation, SFM Entertainment LLC, and New Line Home Video, Inc., referred to herein as "Fox," "SFM," and "New Line," respectively.

Pursuant to this Court's Rule 29.6, Fox states that it is a wholly owned subsidiary of Fox Entertainment Group, Inc., which is a partially owned subsidiary of the News Corporation Limited. Fox Entertainment Group, Inc. has issued approximately 20% of its shares to the public. New Line is a wholly owned subsidiary of New Line Cinema Corporation, which is a wholly owned subsidiary of Turner Broadcasting System, Inc., which is a wholly owned subsidiary of AOL Time Warner, Inc. SFM has no parent company and no publicly held company owns more than 10% of its stock.

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INTRODUCTION

This case arises from garden-variety commercial misrepresentations about the origin and authorship of *Campaigns in Europe* ("*Campaigns*"), a seven-hour, multi-volume video series marketed by petitioner Dastar Corporation ("Dastar"). To produce *Campaigns*, Dastar copied *Crusade in Europe*, a television series based on General Dwight D. Eisenhower's 1948 book of the same title, making only minor changes designed to conceal the contributions of the original creators. Although Fox had produced the original television series and respondents had collectively produced and distributed a multi-volume video version of the series, Dastar provided no indication of their role; indeed, *Campaigns* intentionally omitted any elements of the original that indicated its true source. Instead, Dastar changed the title and listed itself and its employees as the sole creators of *Campaigns*, subjecting consumers to two forms of confusion. First, consumers had no way of knowing that the entire seven-hour, multi-volume video set they were purchasing was virtually identical to respondent's multi-volume video set, which they might already have purchased. Second, consumers were likely to believe that petitioner, rather than respondents, was responsible for the creation and distribution of the acclaimed video documentary series. Applying long settled, uncontroversial principles of unfair competition law under the Lanham Act, the district court found that Dastar had falsely taken credit for creating *Campaigns*, in a manner likely to confuse consumers and to harm respondents, and the Ninth Circuit affirmed in an unpublished opinion.

There is no reason for this Court to review that finding, which turns on basic factual judgments about the parties' products and petitioner's representations. Though petitioner strives to identify conflicts among the courts of appeals, the opinions below and the surrounding case law make clear that, like all other courts of appeals, the Ninth Circuit recog-

nizes that likely consumer confusion is an element of a claim for "reverse passing off" under the Lanham Act. The petition also presents no conflict whose resolution could benefit petitioner. The conclusion of the courts below that petitioner's willful "bodily appropriation" was likely to cause confusion was a straightforward one, and the petition seeks little more than review of that fact-bound determination. Nor is there anything exceptional in the affirmance of an award of double profits in a case involving willful infringement and actual damages. Finally, though petitioner suggests that application of the reverse passing off doctrine to creative works may threaten the free use and reproduction of materials in the public domain, this case presents no such concerns. Whatever close questions might arise in cases of misattribution or non-attribution at the margins, this was not such a case. Petitioner's misrepresentation was complete, willful, and detrimental to consumers, who had no way of knowing that *Campaigns* was merely *Crusade* in a new packag[illegible] This case does not warrant this Court's attention.

STATEMENT OF THE CASE

A. Statutory Background.

Reverse passing off claims are not a recent judicial creation. A fundamental goal of the law of unfair competition is to prevent "deceptive marketing." Restatement (Third) of Unfair Competition § 1 (1995) ("Restatement"). To accomplish this goal, the law prohibits those who market goods and services from making representations about their products, services, and activities that are "likely to deceive or mislead prospective purchasers to the likely commercial detriment of another." *Id.* § 2. In a "specific application" of these "general principles," unfair competition law prohibits a party from claiming to have created goods in fact produced by another; that is, the form of misrepresentation sometimes called "reverse passing off." *Id.* § 5 cmt. a. Thus, a party marketing goods or services manufactured, produced or supplied by another may not make a represen[illegible]ation "likely to deceive or mislead prospective purchasers by causing the mistaken belief that the actor or a third person is the manufacturer, producer, or supplier of the goods or services if the representation is to the likely commercial detriment of the other." *Id.* § 5. This prohibition prevents the seller from falsely taking credit for the manufacturer's work and unfairly benefiting from advertising value and goodwill generated by the manufacturer's efforts. *Id.* § 5 cmt. a.

Section 43(a) of the Lanham Act codifies these rules and principles in federal law by prohibiting misleading misrepresentations about goods and services. Specifically, it authorizes an action against any person who, in connection with goods and services, uses "any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, [or] false or misleading description [or representation] of fact" that "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services or commercial activities by another person." 15 U.S.C. § 1125(a)(1)(A). Section 43(a) confers standing on "any person who believes that he or she is likely to be damaged by such act." *Id.* § 1125(a)(1)(B).

Applying this broad language, courts have routinely found violations of section 43(a) in cases of "reverse passing off," that is, the "false representation that a product is created, designed, or authorized by someone other than the true creator." 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* §§ 25:6, 27:75 (2002) ("*McCarthy*"). Courts have applied the same rule when the product in question is, like the video series at issue here, a creative one. *Id.* §§ 27:81, 27:84, 27:85. Reverse passing off claims flow directly from the language of section 43(a),

for a false claim of authorship is likely to deceive purchasers, by fostering the erroneous belief that the seller has the skills and capacities of the original creator. The true creator is "likely to be damaged," 15 U.S.C. § 1125(a)(1)(B), by such misrepresentations because he or she will lose the goodwill and advertising value that ordinarily flow from the acknowledgement as the creator of a quality product.

The Ninth Circuit has adopted a "rigorous test for proving 'reverse passing off' under the Lanham Act," *Cleary v. News Corp.*, 30 F.3d 1255, 1261 (9th Cir. 1994), holding that a party selling the product of another is likely to cause consumer confusion, and therefore violate the Lanham Act, only if its product is a "bodily appropriation" of the other product. *Shaw v. Lindheim*, 919 F.2d 1353, 1364 (9th Cir. 1990). Thus, a plaintiff in the Ninth Circuit may not establish reverse passing off under section 43(a) by showing that defendant has falsely claimed credit for a "similar" product; rather, the product in question must amount to a copy of "substantially the entire item." *Cleary*, 30 F.3d at 1261 (internal quotation marks and citation omitted). In addition, a plaintiff in the Ninth Circuit must show a "misattribution" of credit for his or her work. *Id.* at 1260.

If a plaintiff prevails in an action under section 43(a), the Lanham Act authorizes the court, subject to the principles of equity, to award "(1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action." 15 U.S.C. § 1117(a). In determining damages, the "court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount." *Id.* Upon a finding that "recovery based upon profits is either inadequate or excessive," the court has discretion to "enter judgment for such amount as the court shall find to be just." *Id.* An award of profits or damages "shall constitute compensation and not a penalty." *Id.*

B. Background of the Case.[1]

Doubleday published *Crusade in Europe* (the "Book"), General Eisenhower's "personal story of World War II," Pet. App. 46a,[2] on November 22, 1948, after excerpts had appeared in *The New York Herald Tribune*. *Id.* at 43a. Doubleday obtained certificates of registration for the copyrights to the Book and the *Herald Tribune* excerpts; these certificates listed Doubleday as the copyright claimant. *Id.* In 1975, Doubleday renewed the copyrights as the "proprietor of a work made for hire." *Id.*

In 1948, Doubleday granted the exclusive television rights in the Book to Twentieth Century Fox Television Productions, Inc. *Id.* Peter Levathes, Vice President of Fox Television, arranged and oversaw the production of a television series based on the Book and also entitled *Crusade In Europe* (the "Series"). *Id.*

In 1988, Fox reacquired from Doubleday the television rights in the Book, including the right to distribute the Series on videocassettes. *Id.* Fox granted to respondent SFM Entertainment ("SFM") the right to act as its exclusive sales agent and distributor of the Series in all media, including video. *Id.* at 44a. SFM granted the exclusive right to distribute the Series to Embassy Home Video, predecessor in interest to respondent New Line Home Video ("New Line"). *Id.* SFM located and restored the negatives of the Series, at a cost of $75,000, and then made a "direct reproduction" of the Series for distribution on video. *Id.* The resulting video series, entitled *Crusade in Europe* (the "Videos"), included in its credits New Line, SFM, "A March of Time Production By Arrangement with 20th Century Fox," and "Eisenhower's

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[1] The facts set forth in this section were undisputed on the parties' cross-motions for summary judgment.

[2] The abbreviations "Pet." and "Pet. App." refer to the petition for certiorari and its appendix, respectively.

Crusade in Europe Based on the Book by Dwight D. Eisenhower." *Id.*

Dastar began producing videos in 1995. For its first video, Lenny Tarter, Dastar's director of video acquisitions, and Norman Anderson, Dastar's President, decided to copy the Series, which they remembered watching as youths and thought would sell well on the 50th anniversary of the end of World War II. To create *Campaigns*, Tarter purchased eight beta cam tapes of the Series, and copied them in their entirety. *Id.* at 45a. Tarter took the Series' entire footage, narration, and music and made only the following minor changes. He substituted a new opening title sequence, credit page, new chapter title sequences corresponding to the 26 episodes in the Series and Videos, and final closing; deleted all footage of the Book's image; added music; and moved the Series' recap to the beginning. *Id.* Petitioners did nothing else to alter the Series. The credits for *Campaigns* identify Anderson as executive producer, Tarter as producer, and Barbara Kaye (Tarter's assistant) as associate producer.

C. Proceedings Below.

a. District Court

In September 1998, respondents brought this action under the Copyright Act, alleging that petitioner's sale of copies of respondents' Videos, slightly modified and renamed as *Campaigns*, infringed their exclusive right to distribute videos based on the Book. In March 1999, respondents filed an amended complaint, claiming that by falsely crediting itself, rather than respondents, as the producer of the Videos, petitioner had engaged in "reverse passing off" under the Lanham Act and unfair competition under California law.[3]

[3] Petitioner filed various counterclaims, the dismissal of which it has not challenged in this Court.

On cross-motions for summary judgment, the district court ruled in favor of respondents on their copyright claim. Concluding that Eisenhower wrote the Book as a "work for hire," the court held that Doubleday properly renewed the copyright in the Book in 1975, and that respondents had the exclusive right to make and distribute videos based upon it. *Id.* at 47a-49a. In light of petitioner's admission that it had copied the Series, and the "ample" evidence that the Series and *Campaigns* contained "significant" portions of the Book, the district court held that petitioner had infringed respondents' exclusive copyright license. *Id.* at 50a.

The district court also found that the undisputed facts established reverse passing off in violation of the Lanham Act as a matter of law. The court held that, except for "minor changes," petitioner had copied "substantially all of the television series" to create *Campaigns*, yet credited only itself as producer. *Id.* at 52a-53a. The court concluded that petitioner's "failure to identify the television series and the Book is misleading to the public" because it "gives the false impression that the series contains only the work of those listed in the credits even though the television series was produced by Fox and Time and significant portions of the Book are used verbatim." *Id.*

Turning to respondents' claim for unfair competition under California law, the district court observed that the "ultimate test" for both that claim and the Lanham Act reverse passing off claim is "'whether the public is likely to be deceived or confused.'" *Id.* at 54a (quoting *Cleary*, 30 F.3d at 1262-63). As a result, the court concluded that its "finding that [petitioner's] actions are misleading under the Lanham Act controls the resolution of the unfair competition claim," *Id.* at 54a, and granted summary judgment in favor of respondents.

Following a bench trial on remedies, the district court resolved respondents' claims for relief. In rulings that Dastar

has not challenged in this petition, the district court held that petitioner's copyright infringement and Lanham Act violation were willful. *Id.* at 24a-26a. The court found the petitioner's conduct "willful" under the Lanham Act because Dastar "knew that the work [it] misappropriated was created by someone else, [but] still took credit," because Dastar "could easily have discovered who was responsible for the *Crusade* Series with even a minimal amount of effort," and because it "continued to sell *Campaigns* even after obtaining the *Crusade* Series' credit list and after [respondents] had alleged their claims for reverse passing off." *Id.* at 26a.

The district court also held that petitioner's willful reverse passing off had caused respondents actual damages for which they were entitled to recover. Observing that because respondents had contributed to the creation and distribution of the Videos, the court concluded that they would have benefited "from being associated with and viewed as responsible for the misappropriated work," and thus "lost valuable goodwill when a purchaser of *Campaigns* was led to believe by [petitioner's] false attribution that it was produced by [petitioner] (rather than [respondents])." *Id.* Moreover, as *Campaigns* was a "virtual duplicate" of the Videos, the court found that it "appeals to the same audience" and "therefore not only cost [respondents'] valuable goodwill, but also sales." *Id.*

In addition to actual damages, the district court held that respondents were entitled to petitioner's profits "under the equitable theory of unjust enrichment based on [their] willful Lanham Act infringement." *Id.* The court calculated petitioner's profits by deducting $91,244.35 in documented costs from *Campaigns'* $874,851.78 gross revenues, *id.* at 22a-24a, resulting in a figure of $783,606.83. *Id.* at 27a. Noting that 15 U.S.C. §1717(a) provides authority to increase the award of profits in order to deter future infringing conduct, the district court deemed "[a]n award of double damages [] particularly appropriate here because . . . [the] infringement was willful." *Id.* Accordingly, the court entered judgment for $1,567,213.66 under the Lanham Act. *Id.*

b. Court of Appeals

In an unpublished *per curiam* opinion, the court of appeals affirmed in part and reversed in part. On the copyright claim, the court of appeals found that there was a triable issue of fact about whether the Book was a work for hire, and remanded for trial on that issue. *Id.* at 3a. The court of appeals affirmed the grant of summary judgment on the Lanham Act claim. The court found that by copying "substantially the entire *Crusade in Europe* series created by Fox," making only "minimal changes," and labeling the "resulting product with a different name and market[ing] it without attribution to Fox," petitioner "committed a 'bodily appropriation' of Fox's series." *Id.* Recognizing that its "bodily appropriation test subsumes the less demanding consumer confusion standard," the court of appeals rejected petitioner's argument that respondents had to "make an independent showing" that their product "resulted in consumer confusion." *Id.* at 3a-4a (internal quotation marks and citation omitted).

The court of appeals also affirmed the district court's monetary award. Concluding that the finding of willful infringement was not clearly erroneous, the court of appeals held that the award of profits was appropriate. *Id.* at 4. Because the district court considered the circumstances of the case and doubled the award in order to deter future infringing conduct, the court of appeals deemed the award permissible. *Id.*

REASONS FOR DENYING THE PETITION

In an effort to create issues worthy of review, petitioner mischaracterizes the facts of this case, the factual findings

and legal conclusions of the courts below, and the surrounding law. First, contrary to the premise of petitioner's first question presented, the court of appeals did not hold that the Lanham Act provides a remedy without a showing of consumer confusion. Like every other court of appeals that has addressed the issue, the Ninth Circuit has made clear that a plaintiff may establish a claim for "reverse passing off" under the section 43(a) of the Lanham Act only by showing that the defendant's conduct is likely to cause consumer confusion. Indeed, the Ninth Circuit has fashioned a test that is particularly favorable to defendants; such misrepresentations are likely to cause confusion, and therefore actionable, only if they concern a work so similar to the plaintiff's work that it is a "bodily appropriation" of that product. Nor has the Ninth Circuit established a rule that "bodily appropriation" inevitably requires a finding of likely confusion, as petitioner contends. Thus, the allegedly different standards applied by other courts do not present a real conflict, and petitioner would not prevail under any less stringent standard articulated by other courts.

Nor is there a conflict among the courts of appeals on the question whether a court may increase an award of profits under the Lanham Act for deterrent purposes alone. The cases cited by petitioner to construct this alleged conflict are distinguishable, and do not present a different statement of the law. Moreover, even if such a conflict existed, this case would not be the proper occasion to address it, for the district court appears to have entered its award not only for deterrent purposes, but also to compensate respondents for their lost good will, advertising, and sales – which are hard to quantify – and to prevent the unjust enrichment of petitioner.

Finally, contrary to petitioner's suggestion, this run-of-the-mill Lanham Act case does not threaten to limit access to creative works in the public domain. Petitioner's overstated claims rest on basic mischaracterizations of the record and

the law. The undisputed facts revealed that petitioner copied substantially all of a seven-hour video series created by respondents, made "minor changes," and substituted its name for those of respondents, thereby holding itself out as the creator of the Videos. As a result, a consumer who had already seen or purchased the correctly labeled *Crusade* series would not realize that *Campaigns* was virtually identical to what he or she had already seen or purchased. This action addresses that obvious misrepresentation, and in no way implicates any broader questions about the First Amendment and the duration of copyright.

I. THE FIRST QUESTION PRESENTED MISSTATES THE LAW OF THE NINTH CIRCUIT AND RAISES NO CIRCUIT SPLIT WHOSE RESOLUTION WOULD BENEFIT PETITIONER.

The petition begins with the erroneous suggestion that the Ninth Circuit's "bodily appropriation" standard permits liability for reverse passing off under section 43(a) without a likelihood of consumer confusion. Pet. i. But as the court of appeals recognized in this case, its ""bodily appropriation' test subsumes the 'less demanding "consumer confusion" standard.'" Pet. App. 4a (citation omitted). With the clarification of that mistake, it becomes clear that this petition does not present any conflict of substance. In keeping with the express language of the Lanham Act, all courts of appeals require a showing of likelihood of confusion to prove reverse passing off. Any differences in their opinions arise from the application of that common standard to different factual circumstances.

Addressing reverse passing off claims under section 43(a), the Second Circuit has held that misrepresentations about the source of a defendant's product are capable of causing confusion even if that product is merely "substantially similar" to plaintiff's product. *See Waldman Publ'g*

Corp. v. Landoll, Inc., 43 F.3d 775, 784 (2d Cir. 1994). The Ninth Circuit has held that reverse passing off is likely to cause confusion, and therefore actionable under section 43(a), only if the defendant's product is a "bodily appropriation" of the plaintiff's. Although the Second and Ninth Circuits apparently regard the latter approach as more "demanding" for a plaintiff, they share the same underlying rationale – the belief that misrepresentations about the origins of products are likely to deceive consumers only if those products are sufficiently similar. Cases decided by the courts do not show that the difference in formulation is likely to produce different results in the ordinary run of cases. In any event, resolution of any difference between these circuits will not benefit petitioner, whose conduct was egregious and clearcut. If respondents prevailed under the Ninth Circuit's stringent test, the adoption of a more lenient rule would not produce a different result.

A. The Ninth Circuit Requires Plaintiffs To Show A Likelihood Of Confusion To Establish "Reverse Passing Off" Under The Lanham Act.

Consistent with the express language of section 43(a) and the views of other courts of appeals, the Ninth Circuit has long held that likely consumer confusion is an essential element of "reverse passing off" under the Lanham Act. For example, in *Cleary*, 30 F.3d at 1261, the court explained that the "bodily appropriation" standard is appropriate under the Lanham Act because it "recognizes that slight modifications of a product might cause customer confusion, while products which are merely generally similar will not." In the same case, the court upheld the dismissal of state law unfair competition claims, whose "ultimate test" was "whether the public is likely to be deceived or confused," because those claims were "substantially congruent" to the Lanham Act claims. *Id.* at 1262-63 (internal quotation marks and citation omitted). *See also Summit Mach. Tool Mfg. Corp. v. Victor CNC Sys., Inc.*, 7 F.3d 1434, 1439 (9th Cir. 1993) (affirming

dismissal of reverse passing off claim because "[i]n light of the conceded differences between the [products], the likelihood [they] will be confused is minimal"); *Shaw*, 919 F.2d at 1364 (noting that the purpose of a reverse passing off claim under the Lanham Act is to "prevent[] individuals from *misleading the public* by placing their competitors' work forward as their own") (emphasis added); *LaMothe v. Atlantic Recording Corp.*, 847 F.2d 14043, 1408 (9th Cir. 1988) (sustaining claim of reverse passing off based on partial attribution of authorship because "incomplete designation of the source of the good or service is no less misleading because it is partially correct"); *Smith v. Montoro*, 648 F.2d 602, 607 (9th Cir. 1981) (reverse passing off violates the Lanham Act because the "ultimate purchaser (or viewer) is also deprived of knowing the true source of the product and may even be deceived into believing that it comes from a different source").

The courts below applied the same standard, and their rulings rested on the clear understanding that petitioner's representations about its product were likely to cause confusion. The district court explicitly found that petitioner's "failure to identify the television series and the book is misleading to the public" and that it created "the false impression that the series contains only the work of those listed in the credits." Pet. App. 53a. The court also described its opinion as concluding that "the two video series are similar enough to cause confusion." *Id.* n.5. Finally, in granting summary judgment on respondents' state law claims, the district court recognized that the "ultimate test" under both the Lanham Act and the state law is "whether the public is likely to be deceived or confused," and held that its prior finding that petitioner's "actions are misleading under the Lanham Act controls the resolution of the unfair competition claim." *Id.* at 54a (citation omitted). Similarly, the court of appeals acknowledged that the "bodily appropriation" test necessarily encompasses "consumer confusion." *Id.* at 3a-4a.

B. The "Bodily Appropriation" Requirement Presents No Conflict Worthy of Review.

Despite the Ninth Circuit's clear rule that a section 43(a) claim for reverse passing off requires a showing of likely consumer confusion, petitioner contends that the Ninth Circuit's view that there can be no such confusion without "bodily appropriation" creates two separate conflicts with other courts of appeals. First, petitioner argues that this approach conflicts with that of the Second Circuit, which permits reverse passing off claims under section 43(a) if there is merely a "substantial similarity" between the goods of the plaintiff and the defendant. Pet. 9 (citing *Waldman*, 43 F.3d at 784). Second, petitioner claims that the Ninth Circuit uses "bodily appropriation" as a "proxy" for likely consumer confusion, and that this approach conflicts with other courts of appeals. Pet. 10.

Though the first asserted conflict identifies a difference in the ways in which the Second and Ninth Circuits assess the evidence of confusion, resolution of this difference will not benefit petitioner. Having satisfied the Ninth Circuit's more stringent "bodily appropriation test," respondents would necessarily prevail under the Second Circuit's "substantial similarity" test as well. Moreover, case law does not suggest that this difference is likely to generate divergent outcomes. Petitioner's second asserted conflict is entirely illusory. As noted above, the Ninth Circuit has long recognized that a reverse passing off under the Lanham Act requires likely consumer confusion. The required showing of "bodily appropriation" is necessary to a successful claim, but the Ninth Circuit has never laid down the rule that such a showing, without more, is sufficient to establish a likelihood of confusion. The cases cited by petitioner do not demonstrate any real conflict; rather, they present fact-bound analyses of the likelihood of confusion in particular cases.

1. Any Difference Between The "Bodily Appropriation" And "Substantial Similarity" Tests Has Minimal Practical Consequences, And Its Resolution Will Not Change The Outcome Of This Case.

Although the Second and Ninth Circuit have different views of how to consider the evidence needed to show likely confusion in reverse passing off claims under the Lanham Act, petitioner would not prevail in either court. Nor has petitioner established that any difference in the approaches will produce divergent results in an appreciable number of cases.

Having produced uncontroverted evidence sufficient to convince the courts below that *Campaigns* is a "bodily appropriation" of the Videos, and that petitioner's "failure to identify the television series and the book is misleading to the public" because it creates "the false impression that the series contains only the work of those listed in the credits," Pet. App. 53a, respondents would necessarily have also prevailed under the Second Circuit's "substantial similarity" test. *Cleary* defines "bodily appropriation" as the "copying or unauthorized use of substantially the entire item." 30 F.3d at 1261. Thus, by definition, a work that bodily appropriates another is also "substantially similar" to that work. Since petitioner copied almost the entire seven hours of *Campaigns* from the Series, with only "minor changes," any difference between the Ninth and Second Circuits is entirely academic to petitioner, and this case therefore presents a poor vehicle for review by this Court.

Nor is it obvious that the difference between "bodily appropriation" and "substantially similarity" would affect the ultimate result in any appreciable number of other cases. Plaintiffs who show "substantial similarity" must still prove likelihood of confusion, and external factors and the differences in their products will often make it difficult for them to do so. For example, in *Cleary*, the Ninth Circuit noted that the plaintiff's claim would have failed under the substantial

similarity test, for the audience for his book was sophisticated and his past contribution to the product was mentioned, negating the inference of consumer confusion. 30 F.3d at 1262. Similarly, in *Summit*, a case purportedly applying the "bodily appropriation" test, the Ninth Circuit affirmed the rejection of a reverse passing off claim because the district court had found that the parties' products were not "substantially similar," 7 F.3d at 1437, and indeed were "substantially different." *Id.* at 1438. Thus, though the difference between the circuits may produce some divergent results, the extent and frequency of such dispositive differences is unclear. Any difference is therefore not pressing; if this Court wishes to address the question, it should do so in a case in which its ruling will affect the outcome.

2. There Is No Conflict About The Likelihood Of Confusion.

Because the courts of appeals unanimously agree that reverse passing off under the Lanham Act requires a showing of likely consumer confusion, and because there is no material difference in the evidence the courts demand for such a showing, petitioner attempts to concoct a conflict worthy of this Court's attention by suggesting that a finding of bodily appropriation alone is invariably sufficient to establish reverse passing off in the Ninth Circuit. Pet. 11-12. But that is not what the court of appeals held in its unpublished decision, nor is it the law in the Ninth Circuit.

Petitioner derives its implausible reading of Ninth Circuit law from the court's failure in its unpublished *per curiam* opinion to recite and apply all the factors traditionally considered in the likelihood of confusion analysis. In light of the evidence and arguments presented by the parties and the district court's conclusions, that omission is unsurprising. The finding of likely confusion rested on undisputed evidence that petitioner made a substantially identical copy of the Series and identified persons other than respondents as

the creators of its product. This finding received further support from the willfulness of petitioner's appropriation and the evidence of shared consumers. Pet. App. 18a. Moreover, petitioner devoted all its efforts in the courts below to the argument that *Campaigns* was not a bodily appropriation of the Videos, and offered no evidence suggesting a lack of customer confusion. With such a strong record of likely confusion, and petitioner's failure to point to any facts contradicting that conclusion, it would be a mistake to read the Ninth Circuit's brief, unpublished opinion as creating a new rule that "bodily appropriation," without more, can establish likely confusion. To the contrary, "bodily appropriation" is merely a tool to see if confusion is likely.

In published opinions, the Ninth Circuit has gone beyond the mere fact of a "bodily appropriation" to inquire whether the defendant's representations about the appropriated product are likely, in context, to cause confusion. In *LaMothe*, it was undisputed that the defendants had sold an exact copy of plaintiffs' song, but the court did not end its inquiry with the fact of complete copying. Instead, the court went on to consider whether the false statement – attributing authorship of the song to only one of its three authors – was misleading to consumers. 847 F.2d at 1407-08. Nothing in any opinion of the Ninth Circuit suggests that bodily appropriation obviates the need to find likely consumer confusion.

In short, the courts of appeals fundamentally agree that likelihood of confusion controls the analysis of reverse passing off under the Lanham Act. This case presents no question or conflict appropriate for this Court's review.

II. THE SECOND QUESTION PRESENTED RAISES NO CONFLICT AND RESTS ON A MISTAKEN VIEW OF THE DISTRICT COURT'S DECISION.

Petitioner also argues that the courts of appeals disagree about whether a court may award and increase profits under

the Lanham Act "solely" for deterrent purposes. Pet. 19-20. There is no such conflict, and in any event the record suggests that the district court did not award and double profits "solely" for deterrent purposes.

1. Petitioner recognizes that several circuits follow the Ninth Circuit in approving the enhancement of an award of profits under the Lanham Act in order to deter infringement. Pet. 19-20. The cases from other circuits cited by petitioner do not apply a different rule. In *ALPO Petfoods, Inc. v. Ralston Purina, Co.*, 913 F.2d 958 (D.C. Cir. 1990), the district court had awarded profits without a showing of willful infringement. The court of appeals reversed, holding that "an award based upon defendant's profits requires proof that the defendant acted willfully or in bad faith." *Id.* at 968. Seeking to sustain its award, plaintiff argued that deterrence justified the award. The court of appeals rejected this argument, holding that "deterrence *alone* cannot justify such an award." *Id.* at 969. In doing so, the D.C. Circuit did not suggest that deterrence was an improper basis for an award when combined with willful infringement. Unlike the plaintiff in *ALPO*, respondents established that petitioner committed willful infringement. In light of that distinction, *ALPO* presents no conflict with this case.

Petitioner's reliance on *Metric & Multistandard Components Corp. v. Metric's, Inc.*, 635 F.2d 710, 715 (8th Cir. 1980), is equally misplaced. There, in remanding for the district court to determine damages, the Eighth Circuit gave general guidance on section 35(a) of the Lanham Act. Divorced from any concrete factual scenario, it recited the text of the statute and commented that the district court has "broad discretion to award the monetary relief necessary to serve the interests of justice, provided it does not award such relief as a penalty." *Id.* But the court did not address, or begin to answer, the question whether an award responding to willful infringement and designed to deter future infringement would qualify as a "penalty." Nor has the Eighth Circuit spoken on that question in the intervening twenty years. Accordingly, *Metric* can scarcely create a conflict on the question whether a deterrent award qualified as a "penalty."

Jurgens v. McKasy, 927 F.2d 1552 (Fed. Cir. 1991), also fails to establish any conflict among the courts of appeals. In a case applying the law of the Eighth Circuit, the Federal Circuit cited that court's unelaborated statement in *Metric* that an award may not be a "penalty," and reversed the trebling of a Lanham Act damage award that the district court had described as "fully satisfy[ying] any *punitive or deterrent purpose*." *Id.* at 1564 (emphasis added). In light of that language, the Federal Circuit concluded that the "district court increased the jury damage award 'as a penalty,'" despite the Eighth Circuit's statement that an award may not be a "penalty." *Id.* But the explicit reference to *punitive* as well as deterrent purposes makes clear that the Federal Circuit did not take any position on an award increased "solely" for deterrent purposes. Moreover, even if the Federal Circuit had adopted the extreme holding suggested by petitioner, the one-time pronouncement of that court about the views of the Eighth Circuit would scarcely create a conflict.

2. As the foregoing discussion makes clear, the cases cited by petitioner reveal no circuit conflict on the propriety of an award entered "solely" for deterrent purposes. But even if such a conflict did exist, this petition would not present the proper case in which to address it. The record indicates that the district court entered the award not only for deterrent purposes, but also to compensate the defendant for actual damages. In calculating its monetary award, the district court began by noting that respondents had suffered actual damages through lost advertising value, lost goodwill, and also actual lost sales. Pet. App. 25a-26a. But the court then proceeded immediately to petitioner's profits, without attaching any dollar value to respondents' actual damages.

The court awarded and doubled profits to prevent unjust enrichment, to account for petitioner's willful conduct, and to deter future infringing conduct. *Id.* at 26a-27a. The district court's failure to attach a specific dollar amount to the substantial actual damages identified at the outset suggests that its final award reflected the intention to compensate respondents for those damages. Accordingly, there is substantial reason to doubt that the doubling of profits rested "solely" on deterrent purposes.

The petition for review of the damages award rests on an erroneous reading of the cited cases and a misunderstanding of the district court's reasons for its award. Upon clarification of those errors, the premises of the petition collapse. There is no circuit conflict to resolve, and the award did not rest only on deterrent purposes. The petition should be denied.

III. THE PETITION RAISES NO CONSTITUTIONAL CONCERNS.

In the absence of a real circuit split whose resolution could affect the outcome of this case, petitioner ultimately falls back on a general attack on the application of the reverse passing off doctrine to creative works. Petitioner suggests that parties wishing to market works in the public domain will not know the extent of attribution needed to avoid liability under the Lanham Act, and that this uncertainty will have a "chilling effect" upon copying. Pet. 14. Petitioner is wrong. An action for reverse passing off protects important, clearly defined interests, and the courts' current application of the Lanham Act provides clear guidance for those who wish to market public domain materials.[4]

[4] Petitioner's arguments suggest that this lawsuit turns entirely on works undisputedly within the public domain. Of course, while the copyright to the *Crusade* video documentary was not renewed, one of respondents' central claims is that the Book remains protected by a valid copyright, and that petitioner infringed their exclusive copyright license. Indeed, the district court originally found in favor of respondents on this point. Pet. App. 50a. After remand from the Ninth Circuit, the district court held a trial to determine whether the Book was in fact a work-for-hire, as stated in the copyright renewal filed 25 years ago, and thus still protected by copyright. Until the district court rules on that issue, and its ruling becomes final after any appellate review, it will remain disputed whether portions of the *Crusade* videos using the underlying Book are in the public domain. The interlocutory posture of the case provides additional reason to deny review.

Petitioner does not claim that the reverse passing off doctrine literally extends the duration of copyright, for of course it does not. When a copyrighted work enters the public domain, it is open for any use by any party. Neither the Lanham Act nor state unfair competition law can extend copyright protection. But the expiration of the exclusive rights protected by the Copyright Act does not create a license to market public domain works in a manner likely to deceive consumers. A party selling such works may not build its reputation by falsely representing to consumers that it authored works actually created by others. For example, though anyone can publish a new edition of Leo Tolstoy's *War and Peace*, or make a film or a derivative work based upon it, an aspiring novelist could not rename that book *War in Russia* and sell it under his own name. A misrepresentation of this kind would cause people who already owned *War and Peace* to buy the "new" novel, and would deceive others unfamiliar with Tolstoy as to the talent of the new novelist. Neither the First Amendment nor the Copyright Act countenances such deception. Purchasers of creative works, no less than consumers of other goods, are entitled not to be misled about the true source of products offered for sale. This cornerstone principle of the Lanham Act is neither novel nor controversial.

Implicitly recognizing this basic flaw in its argument, petitioner can only suggest that "ambiguous" requirements of attribution will have a chilling effect that will discourage the use of public domain works. Contrary to this suggestion, the decisions below neither create nor presuppose a right of attribution. Rather, the courts held that petitioner violated the Lanham Act by falsely and willfully taking credit for respondents' work, thereby misleading consumers.

Petitioner erroneously reads prior Ninth Circuit cases like *Montoro* and *LaMothe* as requiring attribution in all cases. In *Montoro*, the defendant removed the name of the lead actor from a film's credits, replacing it with the name of another actor. Because this erroneous and misleading attribution was likely to mislead consumers and to harm the actor, the court found a Lanham Act violation. But the court did not suggest that there was any freestanding right to attribution. In *LaMothe*, the defendant marketed a song as written by only one of its three composers. Again, the court found that this erroneous attribution was misleading and likely to cause harm, but did not suggest that attribution would have been necessary in the absence of the misleading partial attribution. In short, these cases do not require attribution in all situations; they simply make clear that when a party chooses to offer attribution, it must do so in a complete and accurate fashion. *See Cleary*, 30 F.3d at 1260 ("[T]he case law does suggest that the Lanham Act does not create a duty of express attribution, but does protect against misattribution."); 4 *McCarthy* § 27:85 ("[S]ince § 43(a) requires falsity, it only prohibits mis-attribution and is not a vehicle to require attribution in all cases").

A seller of public domain materials does not face the "chilling" ambiguities that petitioner seeks to conjure up. Such sellers are free to do whatever they like with creative works in the public domain, and need only avoid claiming authorship of someone else's work, and ensure that any attribution of credit is accurate. In any event, even if the reverse passing off doctrine could create ambiguities in some marginal applications, this is hardly the proper occasion to address such problems. This case involved no ambiguity, but rather a basic misrepresentation that petitioner created the Videos, when in fact it did not. The courts below did not impose any drastic disclosure requirements – they simply required truthful advertising. If the dire consequences described by petitioner ever come to pass, this Court will have the opportunity to correct them. But this is not such a case, and there is no basis for this Court's review.

CONCLUSION

For the foregoing reasons, the petition for certiorari should be denied.

Respectfully submitted,

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No. 02-428

IN THE

Supreme Court of the United States

DASTAR CORPORATION,

Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT LLC, and NEW LINE HOME VIDEO INC.,

Respondents.

ON PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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STATEMENT PURSUANT TO RULE 29.6

Petitioner's corporate disclosure statement was set forth at page ii of the Petition for a Writ of Certiorari, and there are no amendments to that statement.

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INTRODUCTION

This case concerns an intellectual property doctrine more or less invented by the Ninth Circuit in the 1980s. Under *Smith v. Montoro*, 648 F.2d 602 (9th Cir. 1981), anyone who copies a creative work, including one in the public domain, must give credit to those who participated in the original work. Because the *Montoro* doctrine is based on the Lanham Act, the protection it affords may last forever—continuing long after patent or copyright protection has expired. The petition presented three grounds for granting certiorari.

First, this case offers an opportunity to determine whether, consistent with the Constitution's patent and copyright clause, the Lanham Act may extend the intellectual property protection of a work whose copyright has expired. The Court recently granted certiorari on the issue but was unable to reach it. *See TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 35 (2001).

Second, the *Montoro* doctrine has led the circuits into disarray. The circuits have split three ways over how to satisfy the statutory requirement of consumer confusion.

Finally, this petition presents an additional circuit conflict—over the circumstances in which courts may order disgorgement of the defendant's profits and "enhance" the award by doubling or tripling it. In particular, the circuits are divided over whether such awards may be made for non-compensatory reasons, such as the punishment or deterrence of particularly egregious infringers.

We address each ground in turn.

I. The Petition Presents Constitutional Issues That This Court Has Already Recognized As Worthy Of Certiorari.

A. Two years ago, this Court granted certiorari on the issue presented here: whether the Lanham Act may constitutionally extend intellectual property protection beyond the term conveyed under the patent and copyright clause of the Constitution. *See TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001). Dastar's petition urged that certiorari be granted in this case to resolve the issue left open in *TrafFix Devices*. *See id.* at 35.

Respondents' counsel are remarkably distinguished and able. Their brief is long—longer even than the petition—and it attacks in detail every ground for granting certiorari advanced by Dastar. Except this one.

By their silence, respondents effectively concede that the issue in *TrafFix Devices* remains certworthy, remains unresolved, and can properly be addressed in the present case. Nor do respondents challenge Dastar's observation that the issue is even more crucial in a copyright than a patent context. Pet. at 17. These undisputed facts are sufficient by themselves to justify a grant of certiorari.

B. Rather than address *TrafFix Devices*, respondents save their fire for a second constitutional concern raised by the petition. Dastar argued that the *Montoro* doctrine casts an unacceptably long shadow over the public domain. *Montoro* will inevitably chill those who wish to copy or adapt public domain works. On pain of heavy liability, users of public domain works must now meet an ill-defined obligation to give "credit" to all who participated in the origination of the public domain work.

In rebuttal, respondents take two tacks. They first portray the *Montoro* doctrine as a simple and unexceptionable consumer-protection measure, rather than a means of extending intellectual property protection indefinitely. They next argue that responsible, law-abiding companies will have no difficulty understanding and meeting their obligations under *Montoro*. Both of these efforts fail.[1]

---

1. Respondents also drop a footnote to point out that the book underlying the video series at issue may not be in the public domain, a question currently being litigated below. Br. Opp'n at 20 n.4. They suggest half-heartedly that this makes a grant of certiorari less attractive, at least on the constitutional claim. But the *Montoro* doctrine's effects are not limited to public domain works; that is simply where they are most pernicious. For this reason, the Lanham Act award against Dastar will remain in effect no matter what happens to the copyright claim. There is therefore nothing interlocutory about the Lanham Act award.

1. Respondents' effort to recast *Montoro* as a consumer protection doctrine is undercut by their own example. Respondents assert that, to protect consumers, Leo Tolstoy's heirs could bring suit against anyone who publishes *War and Peace* without crediting Tolstoy as the author.

The implications of this all-too-plausible suggestion are remarkable. When *Montoro* was decided in 1981, *War and Peace* had already been in the U.S. public domain for 115 years. Manifestly, Tolstoy's heirs had no claim against anyone who used his work for any purpose. Now, thanks to *Montoro*, they do. This will come as a shock to translators and abridgers who have assumed they had no continuing legal obligation to Leo Tolstoy—not to mention all the ballparks that fail to mention Francis Scott Key before launching into the national anthem.

Neither Congress nor the courts have authority to retroactively restrict the public domain in this fashion. That authority has been much debated in the context of *Eldred v. Ashcroft*, No. 01-618. *Eldred* is unlikely to address the issue squarely (perhaps for that reason, neither Dastar nor respondents have asked that this case be held for *Eldred*). Yet the briefing and argument in *Eldred* plainly demonstrate the importance of deciding whether the Constitution permits the imposition of new intellectual property restrictions on works that are already in the public domain. That issue underlies this petition—and has led numerous law professors to submit an *amicus* brief in their own names, urging the Court to grant certiorari in this case.

2. Respondents argue that *Montoro* imposes no chilling ambiguities and that companies like Dastar will have no problems if they simply honor obligations that are plain to all. On the contrary, this case in fact illustrates precisely the ambiguities and opportunities for "gotcha" lawyering that *Montoro* has spawned. Despite respondents' claim that Dastar provided inaccurate credits to mislead consumers, the series as presented to consumers made no effort to mislead anyone about the origin of the series. The only "designation of origin" on the

boxed set of videos appeared on the bottom of the box. There, next to the bar code, wedged between the copyright notice and an anti-piracy warning, in print several sizes smaller than the bar code numbers, was the following phrase: "Produced and Distributed by Entertainment Distributing P.O. Box 22738 Eugene OR 97402."[2]

This statement was neither false nor intended to mislead consumers. The same is true of the screen credits listing Dastar employees, all of whom carried out the tasks for which they were recognized. Dastar cannot be liable for accurately crediting those who assisted in the creation of *its* work. The problem must be what it omitted, not what it said. So, could Dastar have avoided liability simply by also giving credit to those who originated the earlier work, as respondents imply?

Not likely. As the leading trademark treatise notes, *Montoro* has created a Hobson's choice for those in Dastar's position: omitting the names of the originators gives rise to suits of the present sort, but adding the originators' names to an edited work will give rise to a claim that the trademarks of the originators have been misused to imply that they approved of the edits. *See* 1 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 6:27, at 6-55 (4th ed. 2002).

Finally, as this case amply demonstrates, it is almost impossible to divine who, exactly, should get what credit. Not one of the successful plaintiffs in this case was the author, or an actor, or the director of the series. Asked to explain their role in creating the original works, respondents said that one of them, Fox, "conceived of" and paid for the 1948 television series and "participated in the creative process" in some unexplained way (lunch at Chasen's, one imagines). ER 270 n.18. The other contributors offered even less. Respondents say that SFM's predecessor came up with the idea of turning the television series into a

2. A full-size copy of the box bottom is attached to this brief. App. 1. The box itself was an exhibit in the trial and on appeal and is thus part of the record. ER 1663-67; Order Granting Jt. Mot. for Leave to Lodge Physical Exs. Filed Jan. 22, 2001 (9th Cir. Mar. 6, 2002).

videotape, led the effort to find the old series, and supervised and financed its restoration and repackaging. *Id.* New Line was simply a distributor. *Id.* How could even the most scrupulous user of a public domain work possibly anticipate that these corporate suits had to be credited as the "origin" of the earlier work?

In short, contrary to respondents' airy assurances, the ambiguities of *Montoro* guarantee that, long after their copyrights have expired, litigious copyright holders will be able to continue their monopoly—or at least to collect steep tolls from those who wish to adapt, modify, or incorporate their works. That is reason enough to grant certiorari and dispense with *Montoro*.

II. The Circuits Are Split Three Ways Over How To Apply The *Montoro* Doctrine.

The petition described a three-way conflict among the circuits on a fundamental question arising out of *Montoro*: What are the elements that give rise to liability? In the Second and Ninth Circuits, these elements are two: a failure to give proper credit and heavy copying of the original work. The Second and Ninth Circuits diverge, however, in their characterization of the amount of copying that will give rise to liability. The Ninth Circuit requires "bodily appropriation" of the original work. The Second Circuit requires only a "substantial similarity." Both tests are drawn from copyright law and create what the Ninth Circuit has candidly described as a form of "disguised copyright." *Kodadek v. MTV Networks, Inc.*, 152 F.3d 1209, 1213 (9th Cir. 1998) (citing 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 1.01[B][1][e], at 1-24 n.110). In other words, liability arises from copying plus a failure to give adequate "credit" to the originator.

Other circuits, however, are less inclined to adopt such a "copyright lite" approach to the Lanham Act. In these circuits, the petition noted, an inadequate credit gives rise to liability only after application of the traditional multifactor test used in other Lanham Act contexts to determine whether there is a likelihood of consumer confusion. Pet. at 10-11.

Respondents acknowledge the conflict between the Second and Ninth Circuits. Br. Opp'n at 14, 15. They argue, however, that the conflict is irrelevant to the present case, because Dastar bodily appropriated the original work. This assertion is open to question. As respondents acknowledge, Dastar made numerous modifications to the original work. Among other things, Dastar moved the series recap to the beginning of its tapes, deleted much footage, and added several title sequences. Br. Opp'n at 6. Even if this Court were to adopt the Ninth Circuit's "bodily appropriation" test, it could nonetheless find that "bodily appropriation" is not what Dastar did. Certainly the question is sufficiently close that it would not be possible to resolve this case without also settling the question of exactly how much copying leads to liability.

Of course, in many circuits, copying does not lead automatically to liability; in those circuits, the courts examine many factors to measure likely consumer confusion. *Id.* at 16-17. Rather than acknowledge this as a conflict, however, respondents make the unlikely claim that the Ninth Circuit does not in fact use bodily appropriation as a substitute for the multifactor test. *Id.* at 17.

In advancing this claim, respondents contradict the argument that won the case for them in the Ninth Circuit. There, they used italics to emphasize that the Ninth Circuit was unique, that

> *this* Circuit does not require an independent showing of confusion to establish reverse passing off. . . . Confusion is assumed when there is a bodily appropriation . . . . [N]o Ninth Circuit reverse passing off case has required an independent showing of confusion apart from bodily appropriation. Nor would creating an additional confusion requirement make sense.

Appellees' Answering Br. at 50, 51 (emphasis in original).

Respondents' new view of the law also silently disavows the court of appeals, which accepted respondents' arguments about the precedents, and said so:

> We reject Dastar's contention that Twentieth Century Fox must make an independent showing that the

> series manufactured by Dastar resulted in consumer confusion. Dastar's "bodily appropriation" of Fox's original series is sufficient to establish the reverse passing off . . . .

Pet. App. A. at 3a-4a.

Finally, respondents' new interpretation of Ninth Circuit law is belied by numerous courts and commentators, all of whom recognize, and generally criticize, the Ninth Circuit's use of "bodily appropriation" as a proxy for consumer confusion.[3]

What then does respondents' new view rest on? Remarkably, on just one Ninth Circuit opinion, *Lamothe v. Atlantic Recording Corp.*, 847 F.2d 1403 (9th Cir. 1988). But *Lamothe* said nothing about whether "bodily appropriation" should be a substitute for the traditional multifactor test. In *Lamothe*, the question was whether *Montoro* is violated by a credit that mentions one co-author and omits two others. The defendants argued on appeal that there should be no liability when "the designation of a product's source is partially correct." *Id.* at 1407. The court disagreed, extending further *Montoro*'s ambiguous reach by holding that "[a]n incomplete designation of the source of the good or service is no less misleading because it is partially correct." *Id.* at 1408. The court did not discuss the standard for likelihood of confusion in any respect.

Apart from this inapposite case, respondents cite a handful of Ninth Circuit cases that pay lip service to consumer confusion as an element of Lanham Act cases. Of course they do. The Act unambiguously requires consumer confusion. 15 U.S.C. § 1125(a)

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3. *See, e.g.*, *Montgomery v. Noga*, 168 F.3d 1282, 1299 n.27 (11th Cir. 1999) (some courts are "rejecting any requirement of either bodily appropriation or substantial similarity and focusing instead on likelihood of confusion"); Joseph H. Golant & Jodi M. Solovy, *Discrimination Against Authors and Artists—the Ninth Circuit and Section 43(a)*, 33 Beverly Hills B.J. 35, 39-42 (2000); Rudoph Stuart Sergent, *Building Reputational Capital: The Right of Attribution Under Section 43(a) of the Lanham Act*, 19 Colum.-VLA J.L. & Arts 45, 63-64 (1995); Lori H. Freedman, *Reverse Passing Off: A Great Deal of Confusion*, 83 Trademark Rep. 305, 329-30 (1993).

(2000). The question dividing the circuits is not whether consumer confusion is required by the Act, but whether copying serves as a proxy for confusion. Respondents have failed utterly in the task they set themselves—showing that the Ninth Circuit does not use bodily appropriation in precisely this fashion.

III. The Circuits Are Split Over When The Lanham Act Permits A Double Or Treble Award Of Profits.

The Lanham Act permits an award, not just of damages, but also of any profits earned from the infringement. In addition, the award may be "enhanced"—perhaps doubled or even trebled—as long as courts observe the statutory admonition that such awards must constitute "compensation and not a penalty." 15 U.S.C. § 1117(a) (2000).

The petition pointed out that some circuits have treated this statutory instruction as allowing such awards only for compensatory, rather than punitive, purposes. Others have found a way to use "enhanced" awards to penalize deliberate infringers, typically by suggesting that the purpose of the award is "deterrence" rather than punishment.

Respondents, in a now-familiar pattern, first deny that there is a conflict and then deny that the facts of this case present the conflict cleanly. Both assertions are wrong.

A. Respondents are particularly unpersuasive in trying to obscure the deep divide between compensatory and punitive jurisdictions. They suggest, for example, that the Ninth Circuit is not a punitive jurisdiction because it says that enhanced awards are a way to deter willful infringers. But such statements do not align the Ninth Circuit with the jurisdictions that reject deterrence and allow only compensatory awards. Certainly the notion of some hidden congruity among the circuits has not occurred either to the Ninth Circuit (*see* Pet. at 19-20) or to the host of scholars who have identified the split.[4] That is probably

4. *See, e.g.*, James M. Koelemay, Jr., *A Practical Guide to Monetary Relief in Trademark Infringement Cases*, 85 Trademark (Cont'd)

because, as a practical matter, penalties are inextricably linked to deterrence and willful misconduct, as this Court recently recognized when it characterized punitive damages as "a penalty to deter wrongful conduct." *Cooper Indus., Inc. v. Leatherman Tool Group, Inc.*, 532 U.S. 424, 441 (2001).[5] Respondents' effort to change the subject—from the penalty to the conduct that triggers the penalty—does nothing to bring the Ninth Circuit into line with the circuits that reject all penalties outright.

Respondents similarly seize on the fact that some of the circuits that limit such awards to compensatory purposes say they reject awards for a "punitive or deterrent purpose." *See Jurgens v. McKasy*, 927 F.2d 1552, 1564 (Fed. Cir. 1991). When a court rejects an award made for "punitive or deterrent" purposes, it is treating the purposes as interchangeable—and as equally objectionable in the context of a statutory distinction between "compensation" and a "penalty."

B. Finally, respondents suggest that this is not a proper case for resolving the conflict because the award of profits in this case was actually compensatory rather than punitive. In so arguing, respondents once again must silently disavow the

(Cont'd)
Rep. 263, 294-96 (1995) ("Some courts have opined without careful analysis that the statutory power to increase awards was granted for the purpose of punishing and deterring willful infringement. These holdings ignore the 'compensation and not a penalty' provision and ignore the legislative history. . . ."); Christopher P. Bussert & Theodore H. Davis, Jr., *Calculating Profits Under Section 35 of the Lanham Act: A Practitioner's Guide*, 82 Trademark Rep. 182, 182 n.1 (1992); Bryan M. Otake, *The Continuing Viability of the Deterrence Rationale in Trademark Infringement Accountings*, 5 UCLA Ent. L. Rev. 221, 242, 245-46 (1998).

5. The Second Circuit has directly refuted respondents' suggestion that deterrence and the willfulness of the infringer are somehow entirely separate concepts: "willfulness expressly defines the third rationale (deterrence)." *George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1537 (2d Cir. 1992).

express holding of the court of appeals below. The court could not have been clearer on this point:

> The district court did not abuse discretion by doubling the profit award under 15 U.S.C. § 1117(a). The court considered the circumstances of the case, as required by section 1117(a), and doubled the award in order to deter future infringing conduct by Dastar—a permissible ground under the Lanham Act.

Pet. App. A at 4a (citing two Ninth Circuit decisions).

Ignoring this dispositive passage, respondents devote all of their attention to the district court's opinion. They argue that a close reading of the *lacunae* in that opinion shows that the district court may have awarded profits as a substitute for calculating plaintiffs' actual damages. Whatever room there may be for arguing about what the district court did not say, however, there is no doubt about why the district court doubled the award. The district court explained its award in a short but conclusive passage that offers not the slightest support for the reading urged by respondents. On the contrary, with a single, careful word—"thus"—the court tied its enhanced award directly to the willfulness of Dastar's actions and the need to "deter future infringing conduct":

> [The Lanham Act] confers authority on the Court to treble or otherwise increase the award of defendants' profits in order to deter future infringing conduct. An award of double damages is particularly appropriate here because, as described above, defendants' infringement was willful. Thus, plaintiffs are entitled to double defendants' profits for a total award of $1,567,213.66.

Pet. App. B at 27a (citations omitted).

In short, the record demonstrates that this is an entirely appropriate case for resolving a circuit conflict that, despite their best efforts, respondents simply cannot explain away.

Respectfully submitted,

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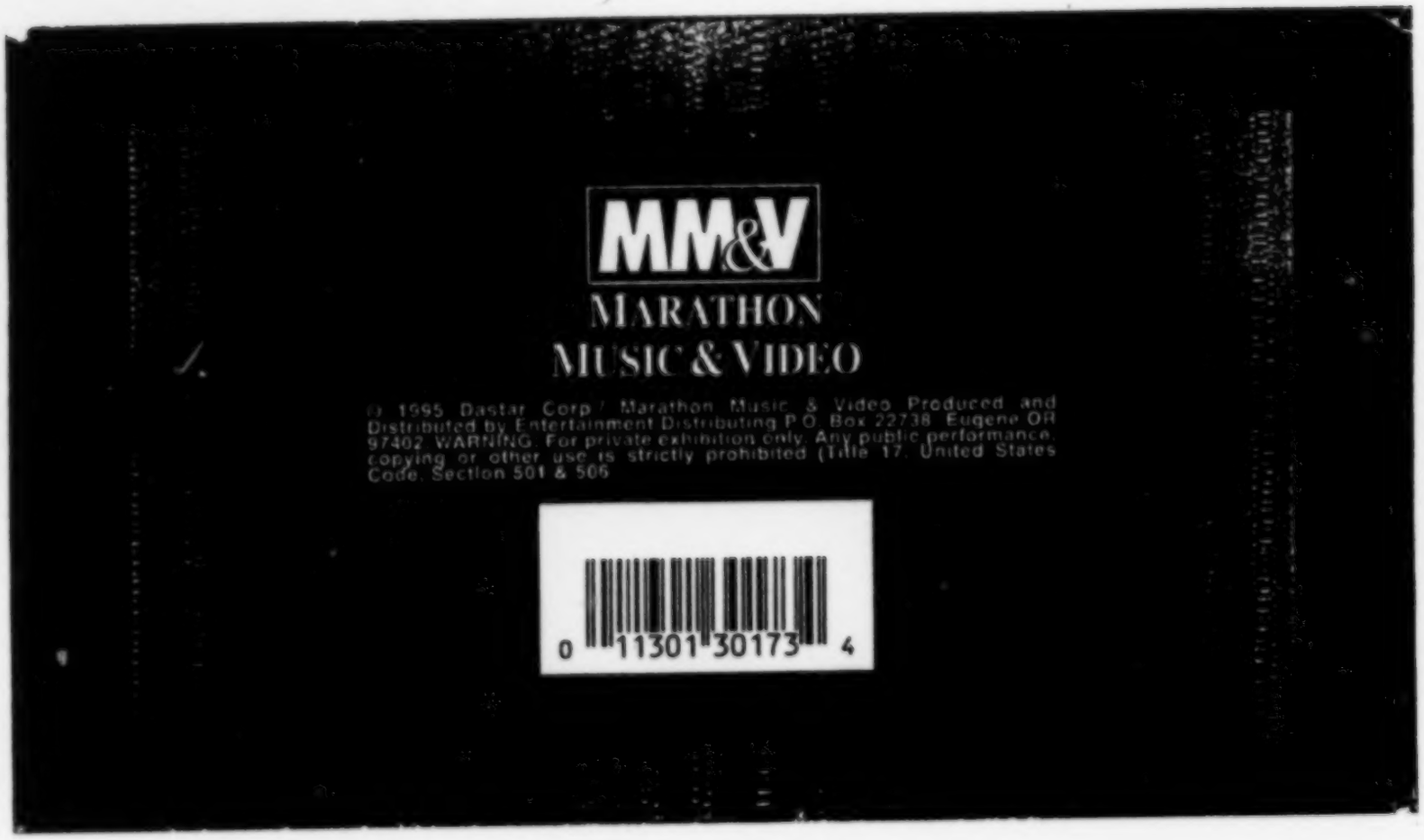
APPENDIX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APPENDIX 1

Supreme Court, U.S.
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No. 02-428

IN THE
SUPREME COURT OF THE UNITED STATES

DASTAR CORPORATION,
Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORP., ET. AL
Respondents.

On Petition for Writ of Certiorari To The United States Court of Appeals for the Ninth Circuit

Amicus filling of Law Professors
Supporting Petition for Certiorari by Dastar Corp. as to Question One
Permission to file received from both parties.

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Interest of the *Amici Curiae*

Amici curiae are law professors specializing in trademark, copyright, and related subjects. None of *amici* have any financial interest in the outcome of this litigation.[1] *Amici* provide their institutional affiliation for identification purposes only; they do not purport to represent the opinions or interests of their institutions. *Amici*'s sole interest in this case is to encourage the proper unfolding of law in their areas of specialty.

Both parties have given permission for Pollack to file this *amicus* submission. Copies of the permission letters are attached to the proof of service submitted to the Clerk.

Summary of Argument

Petitioner, Dastar Corp., has fully briefed the multiple circuit split regarding Question One.[2] *Amici* write separately to make several other arguments supporting a grant of *certiorari* as to Question One.

Two of the three positions currently taken by federal circuits on Question One involve extreme departures from this Court's teachings on statutory construction. These positions raise serious constitutional issues unrequired by the statutory text. Furthermore, these misreadings of the Lanham

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1. No party has authored this brief in whole or in part. The printing of this *amicus* filing was paid for by Malla Pollack with the generous support of the Cecil C. Humphreys School of Law of the University of Memphis.

2. "Does the Lanham Act protect creative works from uncredited copying even without a likelihood of consumer confusion?" Dastar Corporation's Petition for a Writ of Certiorari at i.

Act ignore its congressionally designated product identification purpose; instead, the Lanham Act becomes a barrier preventing public use of formerly copyrighted material, even without any likelihood of consumer confusion. Because these two positions are clearly erroneous as a basic matter of statutory construction, this Court could decide *Dastar* with little effort. This Court would not need to reach any constitutional issue.

Additionally, with the small effort required to exercise this Court's supervisory authority in *Dastar*, the Court will gain important assistance with a more complex case, *Eldred v. Ashcroft*, No. 01-618, questioning the constitutionality of the Copyright Term Extension Act. *Dastar Corp. v. Twentieth Century Fox Film Corp.* involves a related issue, the intersection between the Commerce and Copyright Clauses. The overlap in issues counsels that receiving briefs on *Dastar* will assist this Court to deal properly with the issues in *Eldred*. Furthermore, if this Court rules for Eldred, a reversal of *Dastar* would be essential both to prevent practical nullification of the Court's *Eldred* decision [3] and to limit commercial disruption.

Argument

I. Granting *certiorari* in this case is an appropriate use of this Court's supervisory power over the federal court system

A. Using the Lanham Act to extend copyright protection raises severe constitutional problems

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3. Some of *amici* have signed briefs supporting Eldred in *Eldred v. Ashcroft*.

Copyrights, like patents, are constitutionally allowable only for "limited times." U.S. Const. Art. I, sec. 8, cl. 8. When such limited rights end, they end. *See, e.g., Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111 (1938) (holding that exclusive right in name and shape of product expire with the patents); *see also, e.g.*, Robert Patrick Mergers & Glenn Harlan Reynolds, *The Proper Scope of the Copyright and Patent Power*, 2000 Harv. J. Leg. 46, 62-63 (2000) (discussing public's remainder interest in formerly patented and copyrighted material). The public has some type of right to copy and use *res* outside of patent and copyright. Such general use is "the essence of copyright" and a constitutional requirement. Feist Publications, Inc. v. Rural Tel. Svc. Co., 499 U.S. 340, 349-50 (1991); *see also* Bonito Boats Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 164 (1989) (asserting public right to use unpatented technology "in the marketplace"). The extent of the public's right is, however, unclear.

This Court has suggested in dicta that government might have the power to require later users of uncopyrighted and unpatented *res* to take some steps to limit consumer confusion. *See, e.g., Bonito Boats*, 489 U.S. at 157 (stating in dicta that states may "protect[] consumers from confusion" about reused industrial designs under "unfair competition" statutes rooted in the "common law of deceit."); *Nabisco*, 305 U.S. at 120 ("The question remains whether Kellogg Company, in exercising its right to use the name 'Shredded Wheat' and the pillow-shaped biscuit, is doing so fairly. . . . in a manner which reasonably distinguishes its product from that of plaintiff."). Therefore, some labeling requirement or disclaimer might be constitutional if clearly required by statute. A clear statute would provide the notice necessary to prevent uneconomic, unconstitutional chilling effects. *See* Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 214 (2000) ("Competition is deterred, however, not merely

by successful suit but by the plausible threat of successful suit," therefore, the Court refuses to accept a vague test for Lanham Act protectibility of product aspects); Mark Lemley, *The Modern Lanham Act and the Death of Common Sense*, 108 Yale L.J. 1687, 1710-13 (1999) (discussing speech-chilling effects of trademark law suits, even unsuccessful suits). At some point, a labeling requirement, especially one that is unclear or imposed *ex post*, might be an unacceptable burden on the public's right to copy. However, the exact limit of such a labeling requirement is not presented in *Dastar*.

Dastar involves only the Ninth Circuit's test, which makes reuse of uncopyrighted copyrightable works a Lanham Act violation without any showing whatever that consumer confusion is likely.[4] The Ninth Circuit's version of the Lanham Act presents the conflict between the Commerce and

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4. The Second Circuit's "substantial similarity" test is similarly flawed. *See* Waldman Publ'g Corp. v. Landoll, Inc., 43 F.3d 775, 783 - 84 & n.7 (2d Cir. 1994) (holding that Lanham Act claim asserting "false designation of origin," regarding two adaptations of public domain works, requires "substantial similarity," but not "secondary meaning"). The Second Circuit read into the Lanham Act a right of attribution, a right for the author's name to be attached to the work. *See Waldman*, 43 F.3d at 781. Congress, however, has created attribution rights for only a small set of "work[s] of visual art," 107 U.S.C. § 106A(a), which include neither the books at issue in *Waldman* nor the videos at issue in *Dastar*. *See* 107 U.S.C. 101 (defining "work of visual art" without including "literary works," and with express exclusion of both any "motion picture or other audiovisual work," and "any work made for hire").

Copyright Clauses in its most extreme form. By reversing the Lanham Act judgement against Dastar, this Court would remove the most constitutionally questionable reading of the Lanham Act — giving protection against mere copying to someone who had failed to fulfill the required formalities to perfect copyright in a copyrightable work. This Court would not need to reach the more difficult issue of Lanham Act protection for formerly copyrighted works in situations where consumer confusion is likely.

B. Congress has not legislated use of the Lanham Act to extend copyright protection

Statutory construction starts with the words of the statute. *See, e.g.,* Dept. of Housing & Urban Dev. v. Rucker, 122 S. Ct. 1230, 1233 (2002)(relying on "plain language of the statute."). Only extraordinary conditions, such as "serious constitutional problems" may counsel resorting to a "fairly possible" alternative. *See* INS v. St. Cyr, 533 U.S. 289, 299-300 (2001)(citations omitted).

The Ninth Circuit affirmed Lanham Act judgement against Dastar without any "independent showing that the [video] series manufactured by Dastar resulted in consumer confusion." Twentieth Century Fox Film Corp. v. Entertainment Distributing, No. 00-56703, at 3a (9th Cir., April 9, 2002) (as reproduced in Appendix to Dastar's Petition for Certiorari). The Ninth Circuit insisted that "the 'bodily appropriation' test subsumes the less demanding 'consumer confusion' standard." *Id.* at 4a (quoting Cleary v. News Corp., 30 F.3d 1255, 1261-62 (9th Cir. 1994)(internal quotation marks omitted). "Bodily appropriation," however, merely requires copying, a violation of the Copyright Act. *See* 17 U.S.C. § 106. The Lanham Act requires "likelihood

of confusion." 15 U.S.C. § 1125(a)(1).[5]

Before consumers can be confused, they must believe that the "bodily approriat[ed]" *res* functions as an indicia of origin. Not all product characteristics do so – whether the product is a writing or not. *See, e.g.,* Samara Bros., 529 U.S. at 213 (asserting that unregistered product configurations are unprotectible under the Lanham Act without evidence of secondary meaning because "consumer predisposition to equate the feature with the source does not exist); Comedy III Productions, Inc. v. New Line Cinema, 200 F.3d 593, 595 (9th Cir. 2000) (holding that reuse of uncopyrighted clip from Three Stooges movie did not constitute Lanham Act violation because plaintiff had not demonstrated "how the film footage could contain a distinctive mark or . . . have secondary meaning"; plaintiff had not "articulated a trademark interest in the clip.").

"Bodily appropriation" is a phrase completely absent from the Lanham Act. The Ninth Circuit has not pointed to any language contained in that statute which translates into "bodily appropriation."[6] Instead of reading the plain language of the Lanham Act, the Ninth Circuit has forcibly inserted constitutionally questionable provisions into Congress' enactments.

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5. The district court based its Lanham Act holding on 15 U.S.C. § 1125(a)(1)(A). *See* Twentieth Century Fox Film Corp. v. Dastar Corp., No. CV 98-7189 FMC(Ex), n. 4 at 50a-51a (C.D. Cal., Jan. 4, 2000)(as reproduced in Appendix to Dastar's Petition for Certiorari).

6. Similarly, the Second Circuit's "substantial similarity" test was knowingly imported from copyright cases. It has no Lanham Act pedigree. *See Waldman*, 43 F.3d at 783.

C. This Court may solve the constitutional difficulty easily by requiring federal courts to heed statutory language

The Ninth Circuit has violated two of this Court's most basic instructions: to follow statutory language and to avoid constitutional problems. "[W]hen a particular interpretation of a statute invokes the outer limits of Congress' power, [the Court] expect[s] a clear indication that Congress intended that result." *St. Cry*, 533 U.S. at 299.

This Court can quiet constitutional questions by merely reminding the federal courts that statutory construction starts with the language of the statute. This Court need go no further to decide *Dastar*. Reminding federal judges of this most basic limit on judicial legislation would be a proper, useful, and relatively simple exercise of this Court's supervisory authority.[7] This Court could even grant certiorari and summarily reverse for reconsideration in light of Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205 (2000) (holding that unregistered product configuration marks are unprotectible without evidence of secondary meaning).

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7. This Court has repeatedly used its supervisory authority to assure that federal judges act with appropriate "alert self-restraint." *See, e.g.,* Offutt v. U.S., 348 U.S. 11, 13 (1954) (providing this explanation for Supreme Court's willingness to review contempt orders). *See also* Woodford v. Visciotti, No. 02-137 (U.S., Nov. 4, 2002) (*per curium* reversal of grant of habeas relief because granting federal courts failed to heed limiting language of 28 U.S.C. § 2254(d)); Early v. Packer, No. 01-1765 (U.S., Nov. 4, 2002) (same).

II. Granting *certiorari* in this case would assist the Court in deciding *Eldred v. Ashcroft*

Eldred v. Ashcroft may be the most important copyright case the Court has ever decided. After over 200 years of hints, the Court finally has agreed to measure the public's remainder interest in the writings of authors pursuant to U.S. Const. Art. I, sec. 8, cl. 8 ("the Copyright and Patent Clause"). Delay in reaching this issue has already had an obvious cost — the weight of prior, constitutionally questionable, Congressional actions and the commercial relationships formed in reliance on these actions. *See* Oral Argument 8-9, *Eldred v. Ashcroft* (U.S. No. 01-618) ("[I]f we agree with [Eldred], does that mean that we would, in principle, have to hold the 1976 extension unconstitutional?. . . . [T]he chaos that would ensue would be horrendous," question from the Court), *available at* <http://www.SupremeCourtus.gov/oral_arguments/argument_transcript/01-618.pdf>. *But see id.* at 9-10 (Larry Lessing responding that older act might be preserved under "severe disruption exception" to retroactivity).

In support of the challenged Copyright Term Extension Act, Pub. L. No. 105-298, 112 Stat. 2827 (1998), partisans have marshaled the Commerce Clause and the Necessary and Proper Clause. See Eldred v. Ashcroft, No. 01-618 (U.S.), Brief for the Respondent 28 (relying on Necessary and Proper Clause); Brief for *Amici Curiae* The Intellectual Property Owners Ass'n in Support of Respondent 9-19 (relying on Commerce Clause); Brief of *Amicus Curiae* The Int'l Coalition for Copyright Protection in Support of Respondent 3-22 (relying on Commerce Clause and Necessary and Proper Clause). *But see* Railway Labor Executives Ass'n v. Gibbons, 454 U.S. 457 (1982) (undermining use of Commerce Clause) and M'Cullouch v. Md., 17 U.S. 316 (1819) (undermining use of Necessary and

Proper Clause). *See also, e.g.*, Eldred v. Ashcroft, No. 01-618 (U.S.), Brief of Malla Pollack, *Amicus Curiae* Supporting Petitioners 5 n.5 (explaining how these cases undercut use of Commerce Clause or Necessary and Proper Clause as foundations for the Copyright Term Extension Act).

Missing from the *Eldred* briefs, however, are the view points of numerous parties who have experienced attempts to use the Commerce Clause-based Lanham Act to bypass copyright – such as the litigants in *Dastar*. Full, informed briefing is the life-blood of accurate decision making by courts in an adversary system of justice. *See, e.g.*, Christiansburg Garment Co. v. EEOC, 434 U.S. 410, 420 (1978) ("A fair adversary process presupposes both a vigorous prosecution and a vigorous defense.").

Granting *certiorari* in *Dastar*, therefore, would provide this Court with valuable input on the problems involved in allowing Commerce Clause extension of the Copyright and Patent[8] Clause. Briefs in *Dastar* would assist this Court in deciding *Eldred*.

Obtaining these briefs would not exact a high price from this Court, because *Dastar* can be decided easily on statutory grounds. *See supra* Section I.

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8. The patent version of this problem was recently reserved by this Court in TrafFix Devices, Inc. v. Mktg. Displays, Inc., 532 U.S. 23, 35 (2001). The issue of the Copyright and Patent Clause's interaction with the Commerce Clause, however, stubbornly rerises in another of this term's cases. *See* Moseley v. V Secret Catalogue, No. 01-1015 (U.S.) Brief of *Amicus Curiae* Malla Pollack 21-25.

III. A Court decision for Eldred would be almost a nullity unless *Dastar* is reversed

The Lanham Act has burgeoned as the protection of last resort for numerous would-be-right-holders unsheltered by patent or copyright.[9] If this Court decides for Eldred, disappointed copyright monopolists undoubtedly will attempt to stretch the Lanham Act or to obtain other Commerce Clause havens.[10]

Absent reversal of *Dastar*, losing special interests will not even have to convince Congress to enact a new statute. These entities will simply claim the type of quasi-copyright protection allowed by the Ninth Circuit to Twentieth Century Fox Film Corporation pursuant to the Lanham Act. *See Dastar*. Such Lanham Act based quasi-copyright protection would render this Court's decision in *Eldred* a practical nullity in two sets of circuits.

Additionally, a Noah's Flood of unnecessary litigation would wash across the federal court system.

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9. *See, e.g.*, J.H. Reichman, *Legal Hybrids Between the Patent and Copyright Paradigms*, 94 Colum. L. Rev. 2432, 2463 (1994) (asserting that common judicial stretching of unfair competition law "trigger[s] new forms of government overprotection that are still more anticompetative than [judicial over stretching of] the exclusive rights of copyright law.").

10. Feist Publications, Inc. v. Rural Tel. Svc., 499 U.S. 340 (1991)(holding collected facts uncopyrightable), prompted loud calls for *sui generis* database protection statutes. *See, e.g.*, Malla Pollack, *The Right to Know?*, 17 Cardozo AELJ 47, 58 n.62 (1999)(collecting sources).

Intelligent copyright holders would race to the courthouse to make sure that their quasi-copyright issue was decided under the legal doctrine of their choice. For the same reason, intelligent, commercial users of formerly copyrighted material would race to the courthouse in the third set of circuits. Eventually, this Court would grant *certiorari* to decide the three-way circuit split which it could decide now – before commercial and legal confusion escalate into a wild waste of resources.

Conclusion

For all the reasons discussed above, this Court should grant *certiorari* at least on Petitioner's Question One.

Respectfully submitted
November 18 2002,

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(12)

Supreme Court U.S.
FILED
FEB 13 2003
OFFICE OF THE CLERK

No. 02-428

IN THE

Supreme Court of the United States

DASTAR CORPORATION,

Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORPORATION,
SFM ENTERTAINMENT LLC, and
NEW LINE HOME VIDEO INC.,

Respondents.

ON WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

JOINT APPENDIX

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PETITION FOR CERTIORARI FILED SEPTEMBER 11, 2002
CERTIORARI GRANTED JANUARY 10, 2003

386 pp

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RELEVANT DOCKET ENTRIES OF THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Court of Appeals Docket #: 00-56712 Filed: 10/17/00
Nsuit: 3820 Copyright (Fed)
Twentieth Century Fx, et al v. Dastar Corporation, et al
Appeal from: Central District of California, Los Angeles

Case type information:
1) civil
2) private
3) (null)

Lower court information:

District: 0973-2 : CV-98-07189-FMC
court reporter: Dawn Bullock, Court Reporter
presiding judge: Florence Marie Cooper, District Judge
Date Filed: 9/2/98
Date order/judgment: 9/15/00
Date NOA filed: 9/28/00

Fee status: paid

Prior cases:
00-55299 null null null
Date filed: 2/17/00 Date disposed: 3/10/00
Disposition: 42b/clk

Current cases:

	Lead	Member	Start	End
companion:				
	00-57158	01-55027	1/9/01	
consolidated:				
	00-56712	01-55027	1/9/01	
	00-56703	01-55027	1/9/01	
	00-56703	00-56712	10/17/00	

related:
00-56703 00-57158 12/19/00

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SFM ENTERTAINMENT LLC, a Delaware limited liability company Plaintiff-counter-defendant - Appellee	Dale M. Cendali (See above) [COR LD NTC ret] Seth Alben Aronson, Esq. (See above) [COR LD NTC ret]

	Neil S. Jahss, Esq. (See above) [COR LD NTC ret]
NEW LINE HOME VIDEO INC., a New York Corporation Plaintiff-counter-defendant - Appellee	Dale M. Cendali (See above) [COR LD NTC ret] Seth Alben Aronson, Esq. (See above) [COR LD NTC ret] Neil S. Jahss, Esq. (See above) [COR LD NTC ret]
v.	
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TWENTIETH CENTURY FOX FILM CORPORATION, a Delelware Corporation; SFM ENTERTAINMENT LLC, a Delaware limited liability company; NEW LINE HOME VIDEO INC., a New York Corporation

Plaintiffs-counter-defendants - Appellees

v.

ENTERTAINMENT DISTRIBUTING, an Oregon Corporation; MARATHON MUSIC & VIDEO, an Oregon Corporation;

Defendants - Appellants

DASTAR CORPORATION, an Oregon Corporation;

Defendant-counter-claimant - Appellant

RANDOM HOUSE, INC.,

Counter-defendant - Appellee

* * *

11/29/00	Filed order MOATT (PB) The ct, on its own mtn, consolidates appeals 0-56703 and 0-56712. The following br sch shall govern these consolidated appeals the consolidated opening br is due 1/16/01; the consolidated ans br is due 2/15/01; the optional consolidated rpy br is due within 14 days after service of the consolidated ans br. All parties on a side are

encouraged to join in a single br to the greatest extent practicable. [00-56703, 00-56712] (gva) [00-56703 00-56712]

* * *

1/22/01 Filed parties' joint motion for leave to lodge physical exhibits; served on 1/19/01 ******** FOR MERITS PANEL ********* [4080564] (gva) [00-56703 00-56712]

1/24/01 Filed order Promo: (Deputy Clerk: tah) The parties' joint motion for leave to lodge physical exhibits is referred for disposition to the panel that considers the merits of the case. [4080564-1] [00-56703, 00-56712] (gva) [00-56703 00-56712]

* * *

3/2/01 Filed original and 15 copies Appellant Dastar Corporation's opening brief (Informal: n) 53 pages & 5 Excs in 12 Vols.; served on 3/1/01 [00-56703, 00-56712] (gva) [00-56703 00-56712]

3/14/01 Filed certificate of record on appeal RT filed in DC 11/2/00. (case file) [00-56712] (lu) [00-56712]

* * *

5/3/01 Filed original and 15 copies appellee Random House, Inc. 5 pages brief, served on 5/2/01 [00-56703, 00-56712] (kkw) [00-56703 00-56712]

5/3/01 Filed original & 15 copies Aples' 62 pages brief, 5 Supplemental Excs.; served on 5/2/01 [00-56703, 00-56712] (gva) [00-56703 00-56712]

* * *

5/23/01 Filed order CONFATT (LJE) . . . The Briefing schedule previously set by the court is amended as follows: aplts shall file an opn biref on 7/30/01; aples shall file an ans brief on 9/21/01; aplts may file an opt rpy brief within 14 days . . . Further extension for filing any of the briefs shall require a showing of "extra-ordinary and compelling cirucumstances". Appeal Nos. 00-56703, 00-56712 and 01-55027 are consolidated for argument purposes. . . . [01-55027] (kkw) [01-55027]

6/18/01 Filed original & 15 copies Aplts' reply brief (Informal: n) 31 pages; served on 6/15/01 [00-56703, 00-56712] (gva) [00-56703 00-56712]

* * *

1/11/02 CALENDARED: Pasadena March 12 2002 9:30 a.m. Courtroom 3 [00-56703, 00-56712, 01-55027] (th) [00-56703 00-56712 01-55027]

2/20/02 Received Aplt's additional citations, pursuant to FRAP 28(j); served on 2/19/02 (faxed to Panel) [00-56703, 00-56712, 01-55027] (gva) [00-56703 00-56712 01-55027]

2/28/02 Received Aplts' supplement to additional citations sent on 2/19/02, served on 2/27/02 (faxed to Panel) [00-56703, 00-56712] (gva) [00-56703 00-56712]

3/5/02 Filed order (Deputy Clerk: MD) Aplts' mtn for additional time for oral argument is granted. Oral argument for consolidated appeals Nos. 0-56703 & 56712, scheduled of 3/12/02, in Pasadena, CA shall be limited to 20 minutes per side. Oral argument for appeal 1-55027, scheduled for the same date, shall be limited to 10 minutes per side. [00-56703, 00-56712, 01-55027] (gva) [00-56703 00-56712 01-55027]

3/6/02 Filed order (Alex KOZINSKI): The parties' joint mtn for leave to lodge physical exhibits is granted. [4080564-1] [00-56703, 00-56712, 01-55027] (gva) [00-56703 00-56712 01-55027]

3/8/02 Received Appellant Entertainment Distri in 00-56703, Appellant Entertainment Distri in 00-56712 exhibit. (One original copy served on AK) (Letter regarding exhibits served on panel) (bg) [00-56703 00-56712]

3/12/02 ARGUED AND SUBMITTED TO Alex KOZINSKI, Ronald M. GOULD, Charles R. Breyer [00-56703, 00-56712] (bg) [00-56712]

3/12/02 ARGUED AND SUBMITTED TO Alex KOZINSKI, Ronald M. GOULD, Charles R. Breyer (Cases 00-56703 & 00-56712 argued together) & (Case 01-55027 argued separately) [00-56703, 00-56712, 01-55027] (bg) [00-56712 01-55027]

3/12/02 ARGUED AND SUBMITTED TO Alex KOZINSKI, Ronald M. GOULD, Charles R. Breyer (Cases 00-56703 & 00-56712 argued together) (Case 01-55027 argued separately) [00-56703, 00-56712, 01-55027] (bg) [00-56703 00-56712 01-55027]

4/19/02 FILED MEMORANDUM DISPOSITION: AFFIRMED IN PART, REVERSED IN PART, VACATED IN PART AND REMANDED. No Costs. (Terminated on the Merits after Oral Hearing; Affirmed (in part) and Reversed (in part); Written, Unsigned, Unpublished. Alex KOZINSKI, Ronald M. GOULD, Charles R. Breyer) FILED AND ENTERED JUDGMENT. [00-56703, 00-56712, 01-55027] (gva) [00-56703 00-56712 01-55027]

* * *

5/3/02 [4423686] Received original and 50 copies Appellants Dastar Corporation, Entertainment Distributing, Marathon Music petition, for rehearing with suggestion for rehearing en banc , deficient: appendix to petition not allowed, served on 5/2/02. Notified counsel. (ru) [00-56703 00-56712]

5/3/02 Received Appellants "appendix to petition" to petition for rehearing en banc . (ru) [00-56703 00-56712]

* * *

5/17/02 [4435002] Filed original & 50 copies Aplts Marathon Music & Video & Dastar Corporation petition for rehearing with suggestion for rehearing en banc of 14 pages; served on 5/16/02 (Panel And All Active Judges) [00-56703, 00-56712, 01-55027] (gva) [00-56703 00-56712 01-55027]

5/23/02 Filed Aplts' additional citations, pursuant to FRAP 28(j); served on 5/22/02 (Panel And All Active Judges) [00-56703, 00-56712, 01-55027] [To Panl And All Active Judges: petition for en banc rehearing pending] (gva) [00-56703 00-56712 01-55027]

6/13/02 Filed order (Alex KOZINSKI, Ronald M. GOULD, Charles R. Breyer): The petition for rehearing is denied and the petition for rehearing en banc is rejected. [00-56703, 00-56712, 01-55027] (gva) [00-56703 00-56712 01-55027]

6/26/02 MANDATE ISSUED [00-56703, 00-56712, 01-55027] (gva) [00-56703 00-56712 01-55027]

* * *

1/31/03 Filed Supreme Court order (SC Date: 1/10/03) The ct today entered the foloowing order in the above entitled case: The petition for a writ of certiorari is granted. The br of petitioner is to be filed with the clerk and served upon opposing csl on or before 3 p.m. Friday, 2/14/03. The br of respondent is to be filed with the clerk and served upon opposing csl on or before 3 p.m Monday, 3/10/03. A reply br, if any, is to be filed with the clerk and served upon opposing csl on or before 3 p.m. Monday, 3/24/03. Rule 29.2 does not apply. Justice Breyer took no part in the consideration or decision of this petition. (William Suter, Clerk) (Panel) [00-56703, 00-56712, 01-55027] (gva) [00-56703 00-56712 01-55027]

RELEVANT DOCKET ENTRIES OF THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA (WESTERN DIV.)

CIVIL DOCKET FOR CASE #: 98-CV-7189

Twentieth Century Fx, et al v. Dastar Corporation, et al

Filed: 09/02/98
Assigned to: Judge Florence-Marie Cooper
Jury demand: Defendant
Referred to: Discovery Charles F. Eick
Demand: $0,000
Nature of Suit: 820
Lead Docket: None
Jurisdiction: Federal Question
Dkt# in other court: None
Cause: 17:0101 Copyright Infringement

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O'Melveny & Myers
Citicorp Ctr
153 E 53rd St, 54th Fl
New York, NY 10022-4611
212-326-2000

SFM ENTERTAINMENT LLC, a Delaware limited liability company
plaintiff

Seth Alben Aronson
(See above)
[COR LD NTC]

Neil Scot Jahss
(See above)
[COR LD NTC]

Marc F Feinstein
(See above)
[COR LD NTC]

Dale M Cendali
(See above)
[COR LD]

NEW LINE HOME VIDEO INC, a New York corporation
plaintiff

Seth Alben Aronson
(See above)
[COR LD NTC]

Neil Scot Jahss
(See above)
[COR LD NTC]

Marc F Feinstein
(See above)
[COR LD NTC]

Dale M Cendali
(See above)
[COR LD]

v.

DASTAR CORPORATION, an Oregon corporation
defendant

David Nimmer
FAX 310-203-7199
[COR LD NTC]
Irell & Manella
1800 Avenue of the Stars,
Ste 900
Los Angeles, CA 90067-4276
310-277-1010

David A Gerber
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[COR LD NTC]
D Gerber Law Offices
Channel Islands Harbor
3600 S Harbor Blvd
Ste 226
Oxnard, CA 93035-4136
805-382-8760

Allen Hyman
[term 08/01/02]
FAX 818-763-4676
[COR LD NTC]
James P Habel
[term 08/01/02]
FAX 818-763-4676
[COR LD NTC]
Christine Elaine Coverdale
[term 08/01/02]
FAX 818-763-4676
[COR LD NTC]
Allen Hyman Law Offices
10737 Riverside Dr
North Hollywood, CA 91602
818-763-6289

ENTERTAINMENT DISTRIBUTING, an Oregon corporation
defendant

David Nimmer
(See above)
[COR LD NTC]

David A Gerber
(See above)
[COR LD NTC]

Allen Hyman
[term 08/01/02]
(See above)
[COR LD NTC]
Christine Elaine Coverdale
[term 08/01/02]
(See above)
[COR LD NTC]

MARATHON MUSIC & VIDEO, an Oregon corporation
defendant

David Nimmer
(See above)
[COR LD NTC]

David A Gerber
(See above)
[COR LD NTC]

Allen Hyman
[term 08/01/02]
(See above)
[COR LD NTC]
Christine Elaine Coverdale
[term 08/01/02]
(See above)
[COR LD NTC]

DASTAR CORPORATION
counter-claimant

Allen Hyman
[term 08/01/02]
FAX 818-763-4676
[COR LD NTC]

James P Habel
[term 08/01/02]
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v.

TWENTIETH CENTURY FOX FILM CORPORATION
counter-defendant

Seth Alben Aronson
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[COR LD NTC]
Neil Scot Jahss
FTS Ext 6451
FAX 213-430-6407
[COR LD NTC]
Marc F Feinstein
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O'Melveny & Myers
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213-430-6000

Dale M Cendali
FTS Ext 2051
FAX 212-326-2061
[COR LD]

	O'Melveny & Myers Citicorp Ctr 153 E 53rd St, 54th Fl New York, NY 10022-4611 212-326-2000
SFM ENTERTAINMENT LLC counter-defendant	Seth Alben Aronson (See above) [COR LD NTC] Neil Scot Jahss (See above) [COR LD NTC] Marc F Feinstein (See above) [COR LD NTC] Dale M Cendali (See above) [COR LD]
NEW LINE HOME VIDEO INC counter-defendant	Seth Alben Aronson (See above) [COR LD NTC] Neil Scot Jahss (See above) [COR LD NTC] Marc F Feinstein (See above) [COR LD NTC] Dale M Cendali (See above) [COR LD]

DOUBLEDAY, a division of BANTAM DOUBLEDAY DELL PUBLISHING GROUP INC esa Random House Inc counter-defendant	Stephen G Contopulos FAX 213-896-6600 [COR LD NTC] Sidley Austin Brown & Wood 555 W 5th St, Ste 4000 Los Angeles, CA 90013-1010 213-896-6000

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware corporation; SFM ENTERTAINMENT LLC, a Delaware limited liability company; NEW LINE HOME VIDEO INC, a New York corporation

plaintiff

v.

DASTAR CORPORATION, an Oregon corporation; ENTERTAINMENT DISTRIBUTING, an Oregon corporation; MARATHON MUSIC & VIDEO, an Oregon corporation

defendant

DASTAR CORPORATION;

counter-claimant

TWENTIETH CENTURY FOX FILM CORPORATION; SFM ENTERTAINMENT LLC; NEW LINE HOME VIDEO INC; DOUBLEDAY, erroneously sued as Random House Inc, a division of BANTAM DOUBLEDAY DELL PUBLISHING GROUP INC

counter-defendant

DOCKET PROCEEDINGS

DATE	#	DOCKET ENTRY
9/2/98	1	COMPLAINT filed Summons(es) issued referred to Discovery Charles F. Eick (jp) [Entry date 09/03/98]
		* * *
10/2/98	6	ANSWER filed by defendant Dastar Corporation, defendant Entertainment Distr, defendant Marathon Music to complaint [1-1] (pj) [Entry date 10/06/98]
		* * *
3/29/99	13	FIRST AMENDED COMPLAINT [1-1] by plaintiff. Summons not issued (pj) [Entry date 03/30/99]
		* * *
4/23/99	15	NOTICE OF MOTION AND MOTION by defendant Dastar Corporation, defendant Entertainment Distr to dismiss nd clm for relief for failure to state a clm upon which rel can be granted ; motion hearing set for 10:00 5/17/99 Lodged ord (pj) [Entry date 05/05/99]
5/7/99	16	NOTICE OF WITHDRAWAL by defendant Dastar Corporation, defendant Entertainment Distr, defendant Marathon Music withdrawing motion to dismiss nd clm for relief for failure to state a clm upon which rel can be granted [15-1] (pj) [Entry date 05/10/99]

5/19/99	17	ANSWER to first amended complaint by Dastar Corporation, Entertainment Distributing & Marathon Music & Video [13-1] and COUNTERCLAIM by defendant Dastar Corporation against counterdefendants New Line Video, SFM Entertainment, Twentieth Century Fx; adding counter-defendant Doubleday, a division of Bantam Doubleday Dell Publishing Group Inc, a corporation; jury demand; summons issd on counterclaim (yc) [Entry date 05/25/99]
		* * *
5/28/99	19	FIRST AMENDED ANSWER TO THE FIRST AMENDED CMP [17-1] by defendant Dastar Corporation, defendant Marathon Music; Counterclaim; jury demand; (pj) [Entry date 06/07/99]
6/10/99	20	NOTICE OF MOTION AND MOTION by plaintiffs, counter-defendants to dismiss cntrclms of Dastar Corp ; motion hearing set for 10:00 7/6/99 (jag) [Entry date 06/11/99]
6/10/99	21	DECLARATION of NEIL S JAHSS by plaintiffs, counter-defendant in suppt of motion to dismiss cntrclms of Dastar Corp [20-1] (jag) [Entry date 06/11/99]
		* * *
6/23/99	24	RESPONSE by defendants to motion to dismiss cntrclms of Dastar Corp [20-1] (jag) [Entry date 06/28/99]

6/23/99 25 DECLARATION of JAMES P HABEL by defendants in suppt of opp to motion to dismiss cntrclms of Dastar Corp [20-1] (jag) [Entry date 06/28/99]

* * *

6/25/99 23 NOTICE OF DISMISSAL OF SECOND & THIRD CNTCLM: Cntclmnts Dastar Corp, Ent Distributing & Marathon Music & Video dism with prej the 2nd cntclm fld on 5/28/99 & the 3rd cntclm fld on 5/28/99. by plaintiff pursuant to FRCP 41a(1) Ent : 6/28/99 (pj) [Entry date 06/28/99]

6/29/99 30 REPLY MEMO IN SUPPT by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx to motion to dismiss cntrclms of Dastar Corp [20-1] (pj) [Entry date 07/01/99]

6/29/99 31 REQUEST by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx for judicial notice IN SUPPT motion to dismiss cntrclms of Dastar Corp [20-1] (pj) [Entry date 07/01/99]

6/29/99 32 SUPPL DECLARATION of NEIL S JAHSS IN SUPPT by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Century Fx IN SUPPT motion to dismiss cntrclms of Dastar Corp [20-1] (pj) [Entry date 07/01/99]

* * *

7/6/99 36 ORDER by Judge Dickran Tevrizian This Crt GRANTS Cntdfts' mot to dism Dastar's 5th cntclm for slander of title with PREJ & W/O LV TO AMD; DENIES Cntdfts' mot to dism Dastar's 4th cntclm & GRANTS IN PART Cntdfts' mot to dism Dastar's 1st cnclm, but DENIES the mot to dism remainder of the decl rel cntclm. Cntdfts mot to dism in regards to the 2nd & 3rd cntclms is MOOT as result of Dastar's vol dismissal of these 2 clms with prej. [20-1] (ENT 7/8/99), mld copies & ntc (pj) [Entry date 07/08/99]

* * *

7/8/99 45 DECLARATION of ALLEN HYMAN by defendant, counter-claimant Dastar Corporation, defendant Entertainment Distr, defendant Marathon Music re fur svc of process on Doubleday (jag) [Entry date 07/09/99]

* * *

7/22/99 51 REPLY TO COUNTERCLAIM [17-2] by counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx (jag) [Entry date 07/23/99]

* * *

10/22/99 69 NOTICE OF MOTION AND MOTION by defendant Dastar Corporation, defendant Entertainment Distr, defendant Marathon Music for summary judgment, or in the alt to dismiss for failure to state a clm; motion hearing set for 10:00 11/22/99 Lodged prop stmt, jgm (pj) [Entry date 10/26/99]

10/22/99 70 MEMORANDUM OF P&A IN SUPPORT by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation of for summary judgment [69-1], motion to dismiss for failure to state a clm [69-2] (pj) [Entry date 10/26/99]

10/22/99 71 DECLARATION of ALLEN HYMAN WITH REGARD TO EXH REFRENCED IN THE PROP F&F & CONCLUSIONS OF LAW by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation [69-1], [69-2] (pj) [Entry date 10/26/99]

11/2/99 72 NOTICE OF ERRATA by defendant Marathon Music, defendant Entertainment Distr, defendant, counter-claimant Dastar Corporation correcting motion for summary judgment [69-1] (jag) [Entry date 11/08/99]

11/8/99 73 CROSS NOTICE OF MOTION AND MOTION by plaintiff New Line HomeVideo, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx for summary adjudication of issues; motion hearing set for 10:00 a.m., on 12/6/99 (ca) [Entry date 11/15/99] [Edit date 11/15/99]

11/8/99 74 MEMORANDUM OF PA'S by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx in

opposition to motion for summary judgment [69-1], to motion to dismiss for failure to state a clm [69-2] (ca) [Entry date 11/15/99]

11/8/99 74 MEMORANDUM OF PA'S by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx in support of motion for summary adjudication of issues [73-1] (ca) [Entry date 11/15/99]

11/8/99 75 STATEMENT of uncontroverted facts & conclusions of law in by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx in support of pltfs cross-motn for summary adj of issues [73-1] (ca) [Entry date 11/15/99]

* * *

11/8/99 77 NOTICE of Lodging of materials in oppos to dfts motn for S/J & motn to dism, & in support of pltfs & cntdfts crossmotn for sum adj of issues by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant Entertainment, counter-defendant Twentieth Century Fx. Lodged Exhibit A & B (ca) [Entry date 11/15/99]

11/8/99 78 STATEMENT of Genuine Issues by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx in opposition of motn for s/j [69-1], in oppos of motn to dismiss [69-2] (ca) [Entry date 11/15/99]

11/8/99 79 DECLARATION of Stanley Moger in oppos to by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment,counter-defendant Twentieth Century Fx re motion for summary judgment [69-1], re motion to dismiss for failure to state a clm [69-2] (ca) [Entry date 11/15/99]

11/8/99 79 DECLARATION of Stanley Moger in suppt by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx re motion for summary adjudication of issues [73-1] (ca) [Entry date 11/15/99]

11/8/99 80 DECLARATION of Marc F. Feinstein in oppos by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx re motion for summary

judgment [69-1], re motion to dismiss for failure to state a clm [69-2] (ca) [Entry date 11/15/99]

11/8/99 80 DECLARATION of Marc F. Feinstein in suppt by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx re motion for summary adjudication of issues [73-1] (ca) [Entry date 11/15/99]

11/8/99 81 DECLARATION of Samuel S. Vaughan in oppos by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx re motion for summary judgment [69-1], re motion to dismiss for failure to state a clm [69-2] (ca) [Entry date 11/15/99]

11/8/99 81 DECLARATION of Samuel S. Vaughan in suppt by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx re motion for summary adjudication of issues [73-1] (ca) [Entry date 11/15/99]

11/8/99 82 DECLARATION of Bryan Power in oppos by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line

Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx re motion for summary judgment [69-1], re motion to dismiss for failure to state a clm [69-2] (ca) [Entry date 11/15/99]

11/8/99 82 DECLARATION of Bryan Power in suppt by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx re motion for summary adjudication of issues [73-1] (ca) [Entry date 11/15/99] [Edit date 11/15/99]

11/8/99 83 DECLARATION of Marcy Reed in oppos by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx re motion for summary judgment [69-1], re motion to dismiss for failure to state a clm [69-2] (ca) [Entry date 11/15/99]

11/8/99 83 DECLARATION of Marcy Reed by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx re motion for summary adjudication of issues [73-1] (ca) [Entry date 11/15/99]

11/8/99 84 DECLARATION of Neil S. Jahss in oppos by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth

Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx re motion for summary judgment [69-1], re motion to dismiss for failure to state a clm [69-2] (ca) [Entry date 11/15/99]

11/8/99 84 DECLARATION of Neil S. Jahss in suppt by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx re motion for summary adjudication of issues [73-1] (ca) [Entry date 11/15/99]

11/8/99 85 DECLARATION of Marcy Reed in oppos by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx re motion for summary judgment [69-1], re motion to dismiss for failure to state a clm [69-2] (ca) [Entry date 11/15/99]

11/8/99 85 DECLARATION of Marcy Reed in suppt by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx, counter-defendant New Line Home Video, counter-defendant SFM Entertainment, counter-defendant Twentieth Century Fx re motion for summary adjudication of issues [73-1] (ca) [Entry date 11/15/99] [Edit date 11/15/99]

11/8/99 86 NOTICE OF JOINDER AND JOINDER by counter-defendant Doubleday joining in pltfs oppos to dfts motns for s/j; mot to dism; plts & cnt-dfts cross-motn for sum adj of issues (ca) [Entry date 11/15/99]

11/8/99 94 DECLARATION of JOHN S.D. EISENHOWER IN OPP by plaintiffs re motion for summary adjudication of issues [73-1] (pj) [Entry date 11/18/99]

* * *

11/16/99 88 DECLARATION of ALLEN HYMAN AS THE PRESENTATION OF ADDTL DOCS WHICH GO TO THE CREDIBILITY OF THE PLFS CASE & THEIR WIT by defendant Entertainment Distr, defendant Marathon Music (pj) [Entry date 11/18/99]

11/16/99 90 DECLARATION of ALLEN HYMAN WITH REGARD TO THE PAPERS IN RPLY by defendant Dastar Corporation, defendant Entertainment Distr, defendant Marathon Music (pj) [Entry date 11/18/99]

11/16/99 91 OBJ TO & REQ TO STR CERTAIN OF PLFS' PROFFERED EVID IN OPP by defendant Dastar Corporation, defendant Entertainment Distr, defendant Marathon Music to motion for summary judgment [69-1] (pj) [Entry date 11/18/99]

11/16/99 92 REPLY MEMO by defendant Dastar Corporation, defendant Entertainment Distr, defendant Marathon Music in suppt dfts' motion for summary judgment [69-1] (pj) [Entry date 11/18/99]

11/16/99 93 NTC OF LODGING OF BOOK CRUSADE IN EUROPE (BATES NUMBER CRU 00119 TO CRU 00723) IN SUPPT by defendant Dastar Corporation, defendant Entertainment Distr, defendant Marathon Music to motion for summary judgment [69-1] (pj) [Entry date 11/18/99]

* * *

11/17/99 89 NTC OF LODGING OF BOOK CRUSADE IN EUROPE (BATES NUMBER CRU 00119 TO CHU 00723) by defendant Entertainment Distr, defendant Marathon Music, defendant Dastar Corporation to motion for summary judgment [69-1] (pj) [Entry date 11/18/99]

* * *

11/22/99 95 OPPOSITION by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation to Plfs' motion for summary adjudication of issues [73-1] (pj) [Entry date 11/23/99]

* * *

11/22/99 104 DECLARATION of Allen Hyman by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation re motion for summary judgment [69-1] (bp) [Entry date 12/08/99]

11/22/99 105 DECLARATION of Allen Hyman by defendant with regard to signature of Norman Andersen's decl re motion for summary judgment [69-1] (bp) [Entry date 12/08/99]

11/22/99 106 Defendants' response to plas stmt of UCFL by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation to motion for summary judgment [69-1] (bp) [Entry date 12/08/99]

11/22/99 107 DECLARATION of Allen Hyman by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation with regard to addtl docs obtained from the copyright office re motion for summary judgment [69-1] (bp) [Entry date 12/08/99]

* * *

11/24/99 100 DECLARATION of Norman Andersen in opp by defendant remotion for summary judgment [69-1] (bp) [Entry date 12/08/99]

11/24/99 101 DECLARATION of Lanny Lee Tarter by defendant in opp to motion for summary judgment [69-1] (bp) [Entry date 12/08/99]

11/30/99 96 ORDER OF THE CHIEF JUDGE # 99-232 approved by Judge Terry J. Hatter Pursuant to the recommended procedure adopted by the Court for the creation of the calendar of Judge Florence-Marie Cooper, this case is transferred from the calendar of Judge Dickran Tevrizian to the calendar of Judge Florence-Marie Cooper for all further proceedings. The new case number will now read as CV 98-7189 FMC (Ex) (cc: all counsel) (rn) [Entry date 12/01/99]

12/3/99 99 MINUTES: THis actn has been reassigned to Honorble Florence-Marie Cooper. Case No will now read CV 98-7189FMC(Ex). The PTC and trial are reset at ; pretrial conference on 9:00 2/14/00 ; trial set on 9:00 3/21/00. Pltfs mot for sum jgm/dism will remain as presently set on 12/20/00 at 10:00 by Judge Florence-Marie Cooper CR: none (lk) [Entry date 12/07/99]

12/6/99 110 SUPPLEMENTAL DECLARATION of Neil S Jahss by plaintiff Twentieth Century Fx, plaintiff SFM Entertainment, plaintiff New Line Home Video re motion for summary adjudication of issues [73-1] (bg) [Entry date 12/09/99]

12/6/99 111 DECLARATION of Peter Levathes by plaintiff Twentieth Century Fx, plaintiff SFM Entertainment, plaintiff New Line Home Video in opposition re motion for summary judgment [69-1], motion to dismiss for failure to state a clm and in support [69-2], motion for summary adjudication of issues [73-1] (bg) [Entry date 12/09/99]

12/6/99 112 REPLY MEMORANDUM OF P&A in support by plaintiff Twentieth Century Fx, plaintiff New Line Home Video, defendant Dastar Corporation of motion for summary adjudication of issues [73-1] (bg) [Entry date 12/09/99]

12/6/99 113 REPLY by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx to dft's response to pla's stmt of UFCL to motion for summary adjudication of issues [73-1], motion for

summary judgment [69-1] (bp) [Entry date 12/13/99]

12/6/99 114 REPLY by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx to dft's objections to req to strike certain of pla's proffered evidence in opp to motion for summary judgment [69-1] (bp) [Entry date 12/13/99]

12/6/99 115 Notice of Joinder and Joinder by counter-defendant Random House Inc, sued as Doubleday to rply memo of PA's in support to motion for summary adjudication of issues [73-1] (lk) [Entry date 12/14/99]

12/13/99 116 REQUEST filed by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation to strike No 1 as to addtl evidence presented by pltfs (lk) [Entry date 12/14/99]

12/13/99 117 REQUEST filed by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation to strike certain elements of Pltfs rply memo under Rule 11 (lk) [Entry date 12/14/99]

12/13/99 118 FURTHER DECLARATION of Allen Hyman by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation re exparte motion to strike certain elements of Pltfs rply memo under Rule 11 [117-1], exparte motion to strike No 1 to addtl evidence presented by pltfs [116-1] (lk)[Entry date 12/14/99]

* * *

12/16/99 122 RESPONSE by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx to post-rply subm re plas' cross-mot for s/adj of iss (step) [Entry date 12/28/99]

12/21/99 124 Summary of oral argument by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation and further decl of Allen Hyman purs to FRCP 46(f) re motion for summary judgment [69-1] (lk) [Entry date 01/11/00]

12/22/99 125 Response to by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx to dfts "summary of oral argument" re motion for summary judgment [69-1] (lk) [Entry date 01/11/00]

12/28/99 126 Suggestions by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation on oral arguments by dfts re motion for summary judgment [69-1] (lk) [Entry date 01/11/00]

1/3/00 127 MINUTES: that the motion for summary adjudication ofissues [73-1] is submitted, that the motion for summary judgment [69-1] is submitted. Crt resets the following dates: ; pretrial conference on 9:00 3/13/00 trial set on 8:00 4/25/00 by Judge Florence-Marie Cooper CR: Irene Nakamura (lk) [Entry date 01/11/00]

1/4/00 123 ORDER by Judge Florence-Marie Cooper granting pltfs motion for summary adjudication of issues [73-1], denying dfts motion for summary judgment [69-1], denying dfts

		motion to dismiss for failure to state a clm [69-2] (ENT 1/6/00) ntc. (lk) [Entry date 01/06/00]
1/21/00	128	RECEIPT OF TRANSCRIPT of proceedings for the following date(s): 1/3/2000 (Re:) CR: Irene Nakamura (pjap) [Entry date 01/24/00]
1/21/00	—	TRANSCRIPT filed for proceedings held on 1/3/2000 (pjap) [Entry date 01/24/00]
2/2/00	129	NOTICE OF APPEAL/REPRESENTATION STATEMENT by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation, counter-claimant Dastar Corporation to 9th C/A from Dist. Court ord fld 1/4/00, ent 1/6/00 [123-1] (cc: Allen Hyman; Seth Aronson, O'Melveny & Myers LLP, Los Angeles, CA; Dale M. Cendali, O'Melveny & Myers LLP, New York, NY; Cowan, Liebowitz & Latman, P.C.; Stephen G. Contopulos) Fee: Paid (wdc) [Entry date 02/03/00]
2/4/00	130	ORDER by Judge Florence-Marie Cooper for jury trial, setting ; pretrial conference on 9:00 3/13/00, jury trial set on 9:00 4/25/00 (lk) [Entry date 02/07/00]

* * *

2/18/00	138	EXHIBIT list by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation in lieu of a Joint Exhibit List. (lk) [Entry date 02/22/00]

2/18/00	139	WITNESS list submitted by plaintiff New Line Home Video, plaintiff SFM Entertainment, plaintiff Twentieth Century Fx (lk) [Entry date 02/22/00]
2/18/00	140	PRELIMINARY WITNESS list submitted by defendant & cntclmnt Dastar Corporation, & defendants Entertainment Distr, & Marathon Music (rrey) [Entry date 02/23/00]
2/18/00	141	DECLARATION of Allen Hyman re preparation of the joint exh list by defendant & counter-claimant Dastar Corporation, & defendants Entertainment Distr, & Marathon Music (rrey) [Entry date 02/23/00] [Edit date 02/23/00]
2/22/00	136	NOTIFICATION by Circuit Court of Appellate Docket Number appeal [129-1] 00-55299 (pjap) [Entry date 02/22/00]
2/24/00	142	DECLARATION of Allen Hyman re preparation of the contentions of fact & law by defendant & counter-claimant Dastar Corporation, defendants Entertainment Distr, Marathon Music (rrey) [Entry date 02/25/00]
2/24/00	143	MEMO OF CONTENTIONS OF FACT and LAW by defendant Entertainment Distr, defendant Marathon Music, defendant Dastar Corporation, counter-claimant Dastar Corporation (seal) [Entry date 02/28/00]

* * *

2/25/00	146	Amended MEMO OF CONTENTIONS OF FACT and LAW by defendant Entertainment Distr, defendant Marathon Music, defendant

Dastar Corporation, counter-claimant Dastar Corporation (bg) [Entry date 02/28/00]

* * *

3/14/00 153 ORDER by Judge Florence-Marie Cooper granting exparte motion to cont PTC, trial dates [152-1]; PTC shall be cont to 7/17/00 at 9:00 and trial date shall be cont to 8/8/00 at 9:00. (lk) [Entry date 03/15/00] [Edit date 07/21/00]

3/14/00 154 NOTICE by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation of NinthCircuitOrd of withdraw of Appeal. (lk) [Entry date 03/15/00] [Edit date 03/15/00]

* * *

3/14/00 — LODGED cc 9th CCA Ord: Applnts' "Ntc of W/drawal of App" is construed as mot for vol dism of th app. So construed, mot is GR & th app is dism. Aplles' mot to dism th app is den as moot (00-55299) (FWD TO CRD) (pjap) [Entry date 03/24/00]

3/15/00 156 CERTIFIED COPY of Appellate Court Order: Appellants "Ntc ofW/drawal of appeal" is contrued as a motfor volunt dism of thisappeal. So contrued, that mot is granted and thisappeal is dism. Appellees mot to dism this appeal is den as moot; dismissing the appeal [129-1] Appeal No 00-55299 (ENT 3/17/00) (lk) [Entry date 03/17/00]

* * *

6/9/00 162 NOTICE OF MOTION AND MOTION by plaintiffs to strike dfts jury demand ; motion hearing set for 10:00 6/26/00 (rrey) [Entry date 06/12/00]

6/9/00 163 DECLARATION of Katharine by plaintiff in suppt of motion to strike dfts jury demand [162-1] (rrey) [Entry date 06/12/00]

* * *

6/15/00 166 OPPOSITION by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation, counter-claimant Dastar Corporation to motion to strike dfts jury demand [162-1] (rrey) [Entry date 06/16/00]

6/15/00 167 DECLARATION of Allen Hyman by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar counter-claimant Dastar Corporation in suppt of opp to motion to strike dfts jury demand [162-1] (rrey) [Entry date 06/16/00]

* * *

6/19/00 170 REPLY MEMORANDUM by plaintiffs in suppt of motion to strike dfts jury demand [162-1] (rrey) [Entry date 06/23/00]

6/23/00 171 ORDER by Judge Florence-Marie Cooper granting pltfs motion to strike dfts jury demand [162-1]. For the reasons set forth above (see doc), pltfs mot to str dfts jy demand is granted. (ENT 6/26/00) ntc. (lk) [Entry date 06/26/00]

6/23/00 172 NOTICE OF MOTION AND MOTION by plaintiff in limine #1 to exclude evid of dfts clm costs & expenses ; decl of Katharine Sabich-Robison Lodged Ord ***** FILED UNDER SEAL ***** (rrey) [Entry date 06/26/00]

* * *

6/23/00 173 NOTICE OF MOTION AND MOTION by plaintiffs in limine #2 to exclude all evid introduced to relitigate the validity of the copyright ; decl of Katharine Sabich-Robison Lodged Ord (rrey) [Entry date 06/26/00]

6/23/00 174 NOTICE OF MOTION AND MOTION by plaintiff in limine #3 to exclude all evid relating to affirmative defenses for which dfts prod no discov ; decl of Katharine Sabich-Robison Lodged Ord (rrey) [Entry date 06/26/00]

6/23/00 — PLACED IN FILE - NOT USED p Prop Ord gr pltfs mot to str jy demand of dfts. (lk) [Entry date 06/26/00]

6/30/00 175 NOTICE OF MOTION AND MOTION by defendant, counter-claimant Dastar Corporation, defendants Marathon Music, Entertainment Distr in limine to preclude plfs from submitting evid in suppt of their clm of damages as to clms nos 2 & 3; to limit evid as to plfs Lanham Act & Unfair Competition Clms; mot for summary adjudication of issues as to plfs evid of damages 10:00 7/24/00 (rrey) [Entry date 07/03/00] [Edit date 07/03/00]

6/30/00 175 NOTICE OF MOTION AND MOTION in limine, by defendant, counter-claimant Dastar Corporation, defendants Marathon Music, Entertainment Distr ; in the alt for summary adjudication of issues re plfs clms of damages under both the Lanham Act, & Unfair Competion clms; motion hearing set for 10:00 7/24/00 (rrey) [Entry date 07/03/00]

6/30/00 176 MEMORANDUM IN SUPPORT by defendant, counter-claimant Dastar Corporation, defendants Marathon Music, Entertainment Distr of motion for summary adjudication of issues [175-1], motion in limine to preclude plfs from submitting evid insuppt of their clm of damages as to clms nos 2 & 3; to limit evid as to plfs Lanham Act & Unfair Competition Clms [175-1] (rrey) [Entry date 07/03/00]

6/30/00 177 DECLARATION of Allen Hyman by defendant, counter-claimant Dastar Corporation, defendants Marathon Music, Entertainment Distr in suppt of motion in limine to preclude plfs from submitting evid in suppt of their clm of damages as to clms nos 2 & 3; to limit evid as to plfs Lanham Act & Unfair Competition Clms [175-1], or in the alt motion for summary adjudication of issues [175-1] (rrey) [Entry date 07/03/00]

6/30/00 178 STATEMENT OF FACTS by defendant, counter-claimant Dastar Corporation, defendants Marathon Music, Entertainment Distr w/out substantial controversy as to plfs clms for damages under the Lanham Act, & Unfair Competition in suppt of motion in limine to preclude plfs from submitting evid in suppt of their clm of damages as to clms

nos 2 & 3; to limit evid as to plfs Lanham Act & Unfair Competition Clms [175-1], or in the alt motion for summary adjudication of issues [175-1] (rrey) [Entry date 07/03/00]

6/30/00 — LODGED/PROPOSED ORDER submitted by defendant, counter-claimant Dastar Corporation, defendants Marathon Music, Entertainment Distr. (FWD TO CRD) (rrey) [Entry date 07/05/00]

* * *

7/5/00 181 NOTICE OF MOTION AND MOTION by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation, counter-claimant Dastar Corporation forreconsideration ; motion hearing set for 10:00 7/24/00 (lk) [Entry date 07/10/00]

7/5/00 182 MEMORANDUM IN SUPPORT by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation, counter-claimant Dastar Corporation of motion for reconsideration [181-1] (lk) [Entry date 07/10/00]

7/5/00 183 DECLARATION of Allen Hyman by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar counter-claimant Dastar Corporation in support re motion for reconsideration [181-1] (lk) [Entry date 07/10/00]

* * *

7/13/00 184 OPPOSITION by counter-claimant Dastar Corporation, defendant Dastar Corporation, defendant Entertainment Distr, defendant Marathon Music to motion in limine #3 to exclude all evid relating to affirmative defenses for which dfts prod no discov [174-1] & to motion in limine #2 to exclude all evid introduced to relitigate the validity of the copyright [173-1] (yl) [Entry date 07/14/00]

7/13/00 185 NOTICE OF LODGING by defendants Marathon Music, Entertainment Distr, Dastar Corporation, counter-claimant Dastar Corporation in opp to motion in limine #1 to exclude evid of dfts clm costs & expenses [172-1] ; ldg depo exhs (1 binder) FWD TO CRD (rrey) [Entry date 07/14/00]

7/13/00 186 MEMORANDUM OF P/A IN OPPOSITION by plaintiffs in opp to Dfts motion for reconsideration [181-1] (ad) [Entry date 07/14/00]

7/13/00 187 DECLARATION of Michael Palgon by plaintiffs in opp to Dfts motion for reconsideration [181-1] (ad) [Entry date 07/14/00] [Edit date 07/14/00]

7/13/00 188 DECLARATION of Neil S Jahss by plaintiffs in opp to Dfts motion for reconsideration [181-1] (ad) [Entry date 07/14/00]

7/13/00 189 MEMORANDUM OF P/A IN OPPOSITION by plaintiffs to Dfts motion in limine to preclude plfs from submitting evid in suppt of their clm of damages as to clms nos 2 & 3; to limit evid as to plfs Lanham Act

& Unfair Competition Clms[175-1], & in the alt for summary adjudication of issues [175-1] (ad) [Entry date 07/14/00]

7/13/00 190 STATEMENT OF GENUINE ISSUES by plaintiffs in opp to Dfts motion in limine to preclude plfs from submitting evid in suppt of their clm of damages as to clms nos 2 & 3; to limit evid as to plfs Lanham Act & Unfair Competition Clms [175-1], & in the alt for summary adjudication of issues [175-1] (ad) [Entry date 07/14/00]

7/13/00 191 DECLARATION of Katharine Sabich-Robison by plaintiffs in opp to Dfts motion in limine to preclude plfs from submitting evid in suppt of their clm of damages as to clms nos 2 & 3; to limit evid as to plfs Lanham Act & Unfair Competition Clms [175-1], & in the alt for summary adjudication of issues [175-1] (ad) [Entry date 07/14/00]

7/13/00 192 NOTICE OF LODGING by defendants Marathon Music, Entertainment Distr, Dastar Corporation, counter-claimant Dastar Corporation of depo of Stephen Hebert in opp to motion in limine #1 to exclude evid of dfts clm costs & expenses [172-1] (rrey) [Entry date 07/14/00]

* * *

7/13/00 196 NOTICE OF JOINDER & JOINDER by counter-defendant Doubleday joining motion opposition to dfts mot for recon [186-1] (rrey) [Entry date 07/17/00]

7/17/00 197 REPLY by dfts and cntclmnts Marathon Music, Entertainment Distr, Dastar Corporation to response to motion in limine to preclude plfs from submitting evid in suppt of their clm of damages as to clms nos 2 & 3; to limit evid as to plfs Lanham Act Unfair Competition Clms [175-1] (lk) [Entry date 07/19/00]

7/17/00 198 REPLY MEMO by plaintiff New Line Home Video, plaintiff SFMEntertainment, plaintiff Twentieth Century Fx in support of its motion in limine #2 to exclude all evid introduced to relitigate the validity of the copyright [173-1], motion in limine #3 to exclude all evid relating to affirmative defenses for which dfts prod no discov [174-1] (lk) [Entry date 07/19/00]

7/17/00 199 REPLY by defendants and cntclmnts Marathon Music, Entertainment Distr, Dastar Corporation in support of motion for reconsideration [181-1] (lk) [Entry date 07/19/00]

7/17/00 200 FRCP 56(f) DECLARATION of Allen Hyman by defendants and cntclmnts Marathon Music, Entertainment Distr, Dastar Corporation re motion for summary of issues [175-1] (lk) [Entry date 07/19/00]

7/18/00 204 DECLARATION of Allen Hyman by defendants Marathon Music, Entertainment Distr, dft & counter-claimant Dastar Corporation re preparation of the PTC Ord (rrey) [Entry date 07/19/00]

7/18/00 205 OBJECTIONS filed by defendants Marathon Music, Entertainment Distr, defendant & counter-claimant Dastar Corporation to plfs exhs (rrey) [Entry date 07/19/00]

* * *

7/20/00 207 ORDER by Judge Florence-Marie Cooper denying dfts motion for reconsideration [181-1]. (ENT 7/20/00). ntc (rrey) [Entry date 07/21/00]

* * *

7/24/00 210 MINUTES: plfs motion in limine #1 to exclude evid of dfts clm costs & expenses [172-1] ; motion in limine #2 to exclude all evid introduced to relitigate the validity of the copyright [173-1] ; motion in limine #3 to exclude all evid relating to affirmative defenses for which dfts prod discov [174-1] ; dfts motion in limine preclude plfs from submitting evid in suppt of their clm of damages as to clms nos 2 & 3; to limit evid as to plfs Lanham Act & Unfair Competition Clms [175-1] ; motion for summary adjudication of issues [175-1] are taken UNDER SUBMISSION ; Crt will mod & sign the propsd PTC Ord; Crt trial remains set for 8/9/00 by Judge Florence-Marie Cooper CR: Pat Cuneo (rrey) [Entry date 07/28/00]

7/24/00 212 MINUTES: Plfs motion in limine #1 to exclude evid of dfts clm costs & expenses [172-1] ; motion in limine #2 to exclude all evid introduced to relitigate the vaiidity of the copyright [173-1] ; motion in limine #3

to exclude all evid relating to affirmative defenses for which dfts prod discov [174-1]; dfts the motion for summary adjudication of issues [175-1]; & in limine to preclude plfs from submitting evid in suppt of their clm of damages as to clms nos 2 & 3; to limit evid as to plfs Lanham Act & Unfair Competition Clms [175-1] are TAKEN UNDER SUBMISSION; Crt will mod & sign the propsd PTC Ord; Crt trial remains set for 8/8/00 by Judge Florence-Marie Cooper Pat Cunico (rrey) [Entry date 07/31/00]

7/26/00 209 STATEMENT OF COUNSEL by defendants Marathon Music, Entertainment Distr, dft & cntclmnt Dastar Corporation re PTC Ord (rrey) [Entry date 07/26/00]

* * *

8/2/00 213 TRIAL briefs submitted by defendants, counter-claimant (rrey) [Entry date 08/03/00]

* * *

8/4/00 215 EX PARTE APPLICATION filed by plaintiffs to quash subp as to plaintiffs ; decl of Neil S Jahss Lodged Propsd Ord (rrey) [Entry date 08/04/00]

* * *

8/7/00 218 EX PARTE APPLICATION filed by plaintiffs New Line Home Video, SFM Entertainment & Twentieth Century Fx to quash subpoena as to Twentieth Century Fx paralegal Marcy Reed; Memo of P/A's; Decls of David Berke,

Katharine Sabich-Robison & Neil S. Jahss; Lodged Ord (yl) [Entry date 08/09/00]

* * *

8/8/00 220 AMENDED EXHIBIT LIST by defendants Dastar Corporation, Entertainment Distr, Marathon Music, counter-claimant Dastar Corporation (jp) [Entry date 08/10/00]

* * *

8/8/00 222 EX PARTE APPLICATION filed by plaintiffs Twentieth Century Fx, SFM Entertainment, New Line Home Video to exclude trial testimony by declaration & undisclosed evidence; Decl of Neil S. Jahss; Lodged order (jp) [Entry date 08/10/00]

8/8/00 223 OPPOSITION by plaintiffs Twentieth Century Fx, SFM Entertainment, New Line Home Video to dfts attempt to resurrect previously withdrawn subpoenas (jp) [Entry date 08/10/00]

* * *

8/8/00 224 EXHIBIT LIST by plaintiffs Twentieth Century Fx, SFM Entertainment, New Line Home Video in lieu of a joint exhibit list (jp) [Entry date 08/10/00]

* * *

8/9/00 219 MINUTES: 1st day trial, ; trial cont to 8/10/00 no time given. Wits sworn; Exh identified; case continued by Judge Florence-

Marie Cooper CR: Pat Cuneo (lk) [Entry date 08/10/00]

* * *

8/10/00 227 MINUTES: 2nd day court trial. WIts called, sworn & test. Exh identified trial cont to 8/11/00 (no time given) by Judge Florence-Marie Cooper CR: Pat Cuneo (lk) [Entry date 08/11/00]

8/11/00 228 MINUTES: 3rd day court trial. WIts called, sworn and testified. Exh ident and admitted. Ptys rest. Closing argument made. Submitted. trial held end, by Judge Florence-Marie Cooper CR: Pt Cuneo (lk) [Entry date 08/14/00]

* * *

8/11/00 230 WITNESS list submitted by plaintiffs (rrey) [Entry date 08/18/00]

8/11/00 231 AMENDED EXHIBIT list by defendants (rrey) [Entry date 08/18/00]

8/29/00 232 FINDINGS OF FACT and CONCLUSIONS OF LAW by Judge Florence-Marie Cooper; Plf is instructed to parepare a Judgment for the Crt's signature w/in 10 days of the issuance of this Order (see doc for fur detail) (ENTERED: 8/30/00) (SEND NTC) (jp) [Entry date 08/30/00]

8/29/00 233 REQUEST by defendants, counter-claimants Dastar Corp, Entertainment Distr, Marathon Music to move exhibits into evidence at trial (jp) [Entry date 08/30/00]

8/29/00 234 RESPONSE by plaintiffs Twentieth Century Fx, SFM Entertainment, New Line Home Video request to move exhibits into evidence at trial [233-1] (jp) [Entry date 08/30/00]

* * *

8/30/00 — PLACED IN FILE – NOT USED; Dfts (Propsd) findings of fact and concl of law ldg on 8/2/00 (rrey) [Entry date 09/07/00]

9/8/00 — LODGED/PROPOSED JGM re clms asserted by and agnst plfs submitted by plaintiffs. (FWD TO CRD) (rrey) [Entry date 09/08/00]

9/11/00 235 JUDGMENT AND ORDER: by Judge Florence-Marie Cooper : Bench trial hld; defts Dastar Corporation, Entertainment Distr, Marathon Music shal pay plf $1,717,213.66 ($150,00 in statutory damages und cpyrt act & $1,567,213.66 und Lathan Act) plus post jdmt int at legal rate until paid; plf may file mot for atty fees & costs; if crt grans usch mot, jdmt shl be amd to reflect amt of plf award; and rendering permanent injunction agst defts re mfg, cpy, sell etc of re elements of orig subj matter contained in or for tkg credit as its own creation the bk "Crusade in Europe", w/i 30 days of ent of jdmt, defts deliver/surrencer to plfs all negatives, film, video etc that infringe on plf rits und cpyrts to bk; w/i 30 days of ent of jdmt defts file w/crt & srv on plf a rpt in writing und othat re compliance w/inj; defts shl tk nothing and their cntclms dism on merits w/prej as are all defts affirm defenses

and terminating case (MD JS-6) (ENT 9/13/00) send/ntcs (lc) [Entry date 09/13/00]

* * *

9/13/00 238 JUDGMENT AND ORDER: by Judge Florence-Marie Cooper against counter-defendant Randon House sued as Doubleday, Dft sakk taje nothing and their counterclm agnst Randon House for declar relief, intentinal misrepresentation negligent misrepresentation unfair competition and slander ot tilte are dism on the merits and w/prej. Counter dft Random House may file a mot for attys fees and costs if the crt grants such mot, this judgment shall be amd to reflect the amnt of of Ramdom House' award and the crt shll retain jurisdiction to reforce this judgment. (ENTER 9/15/00)case closed. (cc: all counsel) (yc) [Entry date 09/15/00] [Edit date 09/15/00]

* * *

9/14/00 248 RECEIPT OF TRANSCRIPT of proceedings for the following date: 7/24/00 CR: Pat Cuneo (wdc) [Entry date 09/20/00]

9/14/00 — TRANSCRIPT filed for proceedings held on 7/24/00 (wdc) [Entry date 09/20/00]

9/15/00 240 EX PARTE APPLICATION filed by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation, counter-claimant Dastar Corporation for an order req that the Jgm be vac to consider objs of dfts ; dfts objs to the form of the (Propsd) Jgm; Lodged Propsd Ord (rrey) [Entry date 09/18/00]

9/15/00 241 DECLARATION of Allen Hyman by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar counter-claimant Dastar Corporation in suppt of exparte appl for an order req that the Jgm be vac to consider objs of dfts [240-1] (rrey) [Entry date 09/18/00]

9/15/00 — PLACED IN FILE - NOT USED; (Propsd) Ord on ex parte appl ldg by dfts, & cntclmnts on 9/12/00 (rrey) [Entry date 09/19/00]

9/15/00 247 ORDER by Judge Florence-Marie Cooper denying exparte motion for setting a briefing sched on plas' mot to-be-fld for attys fees [236-1] the deadline for pla to fl/src mot for attys fees is 9/27/00, hrng on mot is to be 11/6/00. To the extent that dfts wish to stay execution of the jgm against them, they must post: (1) a bond in an amount equal to 125% of the jgm against them, (2) a bond in an amount equal to 135% of any fee and costs award, and (3) a cost bond in the amount of $250,000 (bp) [Entry date 09/19/00] [Edit date 10/13/00]

9/18/00 242 EX PARTE APPLICATION filed by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation, counter-claimant Dastar Corporation to vacate 2nd Jgm in favor of Random House ; & fur appl to vac the 1st Jgm, in that there is no final Jgm under Rule 54 (b) Lodged propsd Ord (rrey) [Entry date 09/19/00]

* * *

9/18/00 245 OBJECTIONS filed by defendant Marathon Music, defendant Entertainment Distr, defendant Dastar Corporation, counter-claimant Dastar Corporation to judgment [238-1] (rrey) [Entry date 09/19/00]

* * *

9/18/00 249 RECEIPT OF TRANSCRIPT of proceedings for the following date(s): 8/9/00, 8/10/00, 8/11/00 CR: Pat Cuneo (wdc) [Entry date 09/20/00]

9/18/00 — TRANSCRIPT filed for proceedings held on 8/9/00 (wdc) [Entry date 09/20/00]

9/18/00 — TRANSCRIPT filed for proceedings held on 8/10/00 (wdc) [Entry date 09/20/00]

9/18/00 — TRANSCRIPT filed for proceedings held on 8/11/00 (wdc) [Entry date 09/20/00]

* * *

9/19/00 251 CONSOLIDATE OPPOSITION by plaintiffs to exparte appl for an order req that the Jgm be vac to consider objs of dfts [240-1]; & to dfts objs to the form of the (Propsd) Jgm and Fur Appl ot vac the 1st Jgm in that there is no Final Jgm under Rule 54(B) (rrey) [Entry date 09/21/00]

9/21/00 252 MINUTES: The Crt has read and considered dfts exparte appl to vacate 2nd Jgm in favor of Random House [242-1], & exparte appl for an order req that the Jgm be vac to consider objs of dfts [240-1] ; there is not merit to dfts objs to either Jgm, and the objs

are OVERRULED by Judge Florence-Marie Cooper CR: Not Present (rrey) [Entry date 09/22/00]

* * *

9/27/00 253 NOTICE OF MOTION AND MOTION by plaintiffs for attorney fees, & costs under the Copyright and Lanham Acts; motion hearing set for 10:00 11/6/00 (rrey) [Entry date 09/28/00]

9/27/00 254 MEMORANDUM OF P/A IN SUPPORT by plaintiffs of motion for attorney fees [253-1], & costs [253-2] (rrey) [Entry date 09/28/00]

9/27/00 255 DECLARATION of Neil S Jahss by plaintiffs in suppt of motion for attorney fees [253-1], & costs [253-2] (rrey) [Entry date 09/28/00]

9/27/00 256 DECLARATION of Daphne Gronich by plaintiffs in suppt of motion for attorney fees [253-1], & costs [253-2] (rrey) [Entry date 09/28/00]

9/27/00 257 DECLARATION of Katharine Sabich-Robison by plaintiffs in suppt of motion for attorney fees [253-1], & costs [253-2] (rrey) [Entry date 09/28/00]

9/28/00 258 NOTICE OF APPEAL by defendants Dastar Corporation, Entertainment Distr, Marathon Music to 9th C/A from Dist. Court jgm ent 9/13/00 [235-3] (cc: Allen Hyman; O'Melveny & Meyers; O'Melveny & Myers; Cowan, Liebowitz & Latman; Stephen G. Contopulos) Fee: Paid. (ghap) [Entry date 09/28/00]

9/28/00 259 NOTICE OF APPEAL by defendants Dastar Corporation, Entertainment Distr, Marathon Music to 9th C/A from Dist. Court jgm ent 9/15/00 [238-1] (cc: Allen Hyman; O'Melveny & Meyers; O'Melveny & Meyers; Cowan, Liebowitz & Latman; Stephen G. Contopulos) Fee: Paid (ghap) [Entry date 09/28/00]

* * *

10/5/00 263 NOTICE TO CLERK that Reporter's Transcripts are Complete & Have Been Filed in this case & That the Record is Complete For Purposes of Certification re appeal [259-1] (pjap) [Entry date 10/05/00]

* * *

10/18/00 266 NOTIFICATION by Circuit Court of Appellate Docket Number appeal [258-1] 00-56703 (pjap) [Entry date 10/18/00]

10/18/00 268 DECLARATION of Allen Hyman by defendants & counter-claimiaints Marathon Music, Entertainment Distr & Dastar Corporation Re Facsimile Decl of Steve Hebert to Demonstrate Compliance w/the Jgm of the Crt ent 9/13/00 (yl) [Entry date 10/19/00]

10/19/00 267 NOTIFICATION by Circuit Court of Appellate Docket Number appeal [259-1] 00-56712 (ghap) [Entry date 10/19/00]

10/19/00 269 TRANSCRIPT DESIGNATION and ordering form for dates: 1/11/99 CR: C. Ciszowski; 7/6/99 Lori Muraoka ; 1/3/00; 7/24/00; 08/09/00; 8/10/00; 8/11/00 CR: Pat Cuneo re transcript [249-1], re transcript [248-1],

re transcript [49-1] (ghap) [Entry date 10/20/00]

10/20/00 270 DECLARATION of Steve Hebert by defendants Marathon Music, Entertainment Distr, & dft, counter-claimant Dastar Corporation to demonstrate compliance w/ the Jgm of the Crt entered 9/13/00 (rrey) [Entry date 10/20/00]

* * *

10/30/00 278 OPPOSITION by defendants, counter-claimant to motion for attorney fees [253-1], & costs [253-2] (rrey) [Entry date 11/01/00]

10/30/00 279 OPPOSITION by defendants, counter-claimant to motion for attorney fees [262-1], & costs [262-2] (rrey) [Entry date 11/01/00]

* * *

11/20/00 283 REPLY MEMORANDUM by plaintiff in supp of motion for attorney fees [253-1], & costs [253-2] (rrey) [Entry date 11/28/00]

* * *

11/20/00 285 DECLARATION of Kerry Lyon by plaintiffs in suppt of motion for attorney fees [253-1], & costs [253-2] (rrey) [Entry date 11/28/00]

* * *

11/27/00 287 FINDINGS of fact and conclusions of law re award of plfs attys fees & costs by Judge

Florence-Marie Cooper; Plfs award of attys fees totals $1,481,898.00 (including those fees incurred through 11/8/00) (ENT 11/28/00) (SEND/NTC) (rrey) [Entry date 11/28/00]

* * *

12/27/00 299 NOTICE OF APPEAL by defendant Dastar Corporation, defendant Entertainment Distr, defendant Marathon Music & Video to 9th C/A from Dist. Court Jgmt on award of atty fees fld 11/30/00 & ent 12/20/00 [298-1] (cc: Allen Hyman; O;melveny & Myers; Dale M. Cendali; Cowan, Liebowitz & Latman; Stephen G. Contopulos all parties) Fee: Paid (weap) [Entry date 12/27/00]

1/10/01 300 NOTIFICATION by Circuit Court of Appellate Docket Number appeal [299-1] 01-55027 (pjap) (pjap) [Entry date 01/10/01]

* * *

1/26/01 305 9th CCA Ord: Ptys' joint mot for lv to lodge physical exhs is ref for dispo to panel that considers merits of case. (00-56703, 00-56712) (pjap) [Entry date 01/31/01]

* * *

2/22/01 307 TRANSCRIPT DESIGNATION and ordering form for dates: None requested (weap) [Entry date 02/22/01]

3/2/01 308 CERTIFICATE of Record Transmitted to USCA (01-55027) (cc:all parties) (pjap) [Entry date 03/02/01]

3/2/01 309 CERTIFICATE of Record Transmitted to USCA (00-56703) (cc:all parties) (pjap) [Entry date 03/02/01]

3/14/01 310 CERTIFICATE of Record Transmitted to USCA (00-56712) (cc:all parties) (pjap) [Entry date 03/14/01]

* * *

3/11/02 314 ORDER FROM USCA: Ptys' joint mot for lv to lodge physical exhibits is GR. (00-56703, 00-56712, 01-55027) (pjap) [Entry date 03/14/02]

3/11/02 315 ORDER FROM USCA: Applnts' mot for addtl time for oral argument GR. Oral argument for consol apps nos. 00-56703 & 00-56712 sched for 3/12/02 in Pasadena, CA, shall be ltd to 20 mins per side. Oral argument for app no. 01-55027, sched for same date shall be ltd to 10 mins per side. (00-56703, 00-56712, 01-55027) (pjap) [Entry date 03/15/02]

6/17/02 316 ORDER FROM USCA: The petn for rehearing is den & petn for rehearing en banc is rejected. (00-56703, 00-56712, 01-55027) (cbr) [Entry date 06/21/02]

6/28/02 — LODGED CC 9TH CCA JGM of said Dist Crt affrm in part, reversed in part, vacated in part & rmd. (FWD TO CRD) (00-56703; 00-56712; 01-55027) (wdc) [Entry date 07/18/02]

7/2/02 317 CERTIFIED COPY of Appellate Court Order: affirmed in part, reversed in part, vacated in

part and remanding the Decision of the District Court [Appeal (bp) [Entry date 07/03/02]

7/2/02 318 MANDATE from Circuit Court of Appeals filing and spreading the remanding, affirming in part, reversing in part; vacated in part. The request for certificate of appealability is denied. Status conference on remand set on July 31, 2002, at 2:30 p.m. (bp) [Entry date 07/03/02]

* * *

10/11/02 354 MINUTES: 1st day court trial held; witnesses called, sworn & testified; exhibits identified; exhibits admitted; plaintiff rest defendant Dastar rest; closing arguments made by both parties; court asks for further briefs to be limited to 35 pages each. Exhibits are admitted pursuant to stipulation and order re authenticity, etc. filed on 10/10/02 by Judge Florence-Marie Cooper CR: Pat Cuneo (bp) [Entry date 10/15/02]

* * *

12/30/02 363 FINDINGS of fact and conclusions of law by Judge Florence-Marie Cooper (pj) [Entry date 01/02/03]

12/30/02 364 RULINGS ON EVIDENTIARY OBJECTIONS: The Court determines that the book, Crusade in Europe, was a work for hire and awards Jgm to plfs by Judge Florence-Marie Cooper (pj) [Entry date 01/02/03]

* * *

1/17/03 366 STIPULATION and ORDER that all proceedings in the District Court, except for any proceedings in connection with counter-defendant Random House, Inc.'s ex parte application for clarification of the findings of fact and conclusions of law entered by the District Court on January 2, 2003, shall be stayed while the Lanham Act portion of the case is pending in the Supreme Court. The stay shall expire on the day the clerk of the Supreme Court issues its judgment or mandate. Within ten days of the issuance of the judgment or mandate of the Supreme Court, plaintiffs and counterdefendants shall prepare a proposed judgment, as instructed in the District Court's January 2, 2003 findings and conclusions. Plaintiffs and counterdefendants may then file motions for attorney's fees and costs, as stated in the court's findings and conclusions by Judge Florence-Marie Cooper (bp) [Entry date 01/21/03]

* * *

1/31/03 368 CLERK'S record on appeal transmitted to U. S. Supreme Court [259-1] vols: 26; 6 folders of docket nos. 83, 84, 85, 255, 257 & 285; transcripts: 9 (Not included: Docket No. 326) (00-56703) (02-428) (pjap) [Entry date 01/31/03]

1/31/03 369 CLERK'S record on appeal transmitted to U. S. Supreme Court [259-1] 11 sealed envelopes - docket nos. 120, 121, 144, 172, 193, 194, 195, 201, 202, 211 & 214) (00-56703) (02-428) (pjap) [Entry date 01/31/03]

ORDER OF THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT DENYING PETITION FOR REHEARING DATED AND FILED JUNE 13, 2002

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

ORDER

No. 00-56703

D.C. No. CV-98-07189-FMC
Central District of California,
Los Angeles

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation; SFM ENTERTAINMENT LLC, a Delaware limited liability company; NEW LINE HOME VIDEO INC., a New York Corporation,

Plaintiffs-counter-defendants - Appellees,

v.

ENTERTAINMENT DISTRIBUTING, an Oregon Corporation; MARATHON MUSIC & VIDEO, an Oregon Corporation,

Defendants - Appellants,

DASTAR CORPORATION, an Oregon Corporation,

Defendant-counter-claimant -, Appellant,

RANDOM HOUSE, INC.,

Counter-defendant - Appellee.

No. 00-56712

D.C. No. CV-98-07189-FMC
Central District of California,
Los Angeles

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation; SFM ENTERTAINMENT LLC, a Delaware limited liability company; NEW LINE HOME VIDEO INC., a New York Corporation,

Plaintiffs-counter-defendants - Appellees,

v.

ENTERTAINMENT DISTRIBUTING, an Oregon Corporation; MARATHON MUSIC & VIDEO, an Oregon Corporation,

Defendants - Appellants,

DASTAR CORPORATION, an Oregon Corporation,

Defendant-counter-claimant -, Appellant,

RANDOM HOUSE, INC.,

Counter-defendant - Appellee.

No. 01-55027

D.C. No. CV-98-07189-FMC
Central District of California,
Los Angeles

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation; SFM ENTERTAINMENT LLC, a Delaware limited liability company; NEW LINE HOME VIDEO INC., a New York Corporation,

Plaintiffs-counter-defendants - Appellees,

v.

ENTERTAINMENT DISTRIBUTING, an Oregon Corporation; MARATHON MUSIC & VIDEO, an Oregon Corporation,

Defendants - Appellants,

DASTAR CORPORATION, an Oregon Corporation,

Defendant-counter-claimant -, Appellant,

RANDOM HOUSE, INC., sued as Doubleday, a division of Bantam Doubleday Dell Publising Group, Inc.,

Counter-defendant - Appellee.

Before: KOZINSKI and GOULD, Circuit Judges, and BREYER, District Judge.*

The petition for rehearing is denied and the petition for rehearing en banc is rejected. Fed. R. App. P. 35; Fed. R. App. P. 40.

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* The Honorable Charles R. Breyer, United States District Judge for the Northern District of California, sitting by designation.

**EXCERPTS FROM
ORDER LIST: 537 U.S.
DATED JANUARY 10, 2003
CERTIORARI GRANTED**

* * *

02-428 DASTAR CORPORATION V. TWENTIETH CENTURY FOX FILM

The petition for a writ of certiorari is granted. The brief of petitioner is to be filed with the Clerk and served upon opposing counsel on or before 3 p.m., Friday, February 14, 2003. The brief of respondent is to be filed with the Clerk and served upon opposing counsel on or before 3 p.m., Monday, March 10, 2003. A reply brief, if any, is to be filed with the Clerk and served upon opposing counsel on or before 3 p.m., Monday, March 24, 2003. Rule 29.2 does not apply. Justice Breyer took no part in the consideration or decision of this petition.

* * * *

**FIRST AMENDED COMPLAINT FOR COPYRIGHT
AND LANHAM ACT INFRINGEMENT,
AND UNFAIR COMPETITION**

**UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA**

Case No. 98-7189 DT (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, and NEW LINE HOME VIDEO, INC., a New York corporation,

Plaintiffs,

v.

DASTAR CORPORATION, an Oregon corporation, ENTERTAINMENT DISTRIBUTING, an Oregon corporation, and MARATHON MUSIC & VIDEO, an Oregon corporation,

Defendants.

**FIRST AMENDED COMPLAINT FOR COPYRIGHT
AND LANHAM ACT INFRINGEMENT,
AND UNFAIR COMPETITION**

Plaintiffs TWENTIETH CENTURY FOX FILM CORPORATION ("FOX"), SFM ENTERTAINMENT LLC ("SFM"), and NEW LINE HOME VIDEO, INC. ("NEW LINE"), by their attorneys, O'Melveny & Myers LLP, for their First Amended Complaint, allege as follows:

JURISDICTION AND VENUE

1. This action asserts claims arising under the Copyright Act of 1976, as amended, 17 U.S.C. §§ 101 *et seq.*, the Trademark Act of July 5, 1946, as amended, 15 U.S.C. §§ 1051 *et seq.*, California Business and Professions Code §§ 17200 *et seq.* and §§ 17500 *et seq.*, and California common law. Accordingly, this Court has subject matter jurisdiction over Plaintiffs' federal claims pursuant to 15 U.S.C. § 1121, 28 U.S.C. §§ 1331 and 1338(a) and (b), and over Plaintiffs' state law claims based on principles of pendent jurisdiction.

2. This Court also has subject matter jurisdiction pursuant to 28 U.S.C. § 1332(a), in that it is a civil action between citizens of different states in which the matter in controversy exceeds, exclusive of costs and interest, seventy-five thousand dollars.

3. This Court has personal jurisdiction over DASTAR CORP., ENTERTAINMENT DISTRIBUTING, and MARATHON MUSIC & VIDEO (hereinafter collectively referred to as "Defendants") as they conduct continuous, systematic and routine business within the state. This court also has personal jurisdiction over Defendants as they have committed tortious acts within the state, and/or have committed tortious acts outside California causing injury within the state and derive substantial revenue from interstate commerce.

4. Venue is proper in this judicial district pursuant to 28 U.S.C. §§ 1391(b), 1391(c) and 1400(a).

THE PARTIES

5. Plaintiff FOX is a Delaware corporation having offices and a principal place of business at 10201 West Pico Boulevard, Los Angeles, California 90035. It is doing business within the jurisdiction of this Court.

6. Plaintiff SFM is a Delaware limited liability company having offices and a principal place of business at 1180 Avenue of the Americas, New York, New York 10036. It is doing business within the jurisdiction of this Court.

7. Plaintiff NEW LINE is a New York corporation having offices and a principal place of business at 888 7th Avenue, 20th Floor, New York, New York 10106. It is doing business within the jurisdiction of this Court.

8. Upon information and belief, defendant DASTAR CORP. is and was at all times relevant hereto, an Oregon corporation with its principal place of business at 2480 W. 7th Place, Eugene, Oregon 97402. It is doing business within the jurisdiction of this Court.

9. Upon information and belief, defendant ENTERTAINMENT DISTRIBUTING is and was at all times relevant hereto, an Oregon corporation with its principal place of business at 2480 W. 7th Place, Eugene, Oregon 97402. It is doing business within the jurisdiction of this Court.

10. Upon information and belief, defendant MARATHON MUSIC & VIDEO is and was at all times relevant hereto, an Oregon corporation with its principal place of business at 2480 W. 7th Place, Eugene, Oregon 97402. It is doing business within the jurisdiction of this Court.

11. The acts complained of herein arose out of the same transaction, occurrence or series of transactions or occurrences, and there are questions of law and fact common to all plaintiffs that will arise in this action. Therefore, the interests of justice will be advanced, and a multiplicity of actions avoided, by the joinder in this action of the claims asserted by each of the plaintiffs.

NATURE OF THE ACTION

12. This action arises out of Defendants' blatant copying of the video documentary series *Crusade in Europe*, owned and/or distributed by Plaintiffs, which is based on General Dwight D. Eisenhower's widely acclaimed memoirs of the same name (the "Eisenhower Book"). By copying, repackaging, and selling the video documentary series under the title *Campaigns in Europe*, Defendants have violated the copyright of the underlying Eisenhower Book and concomitantly infringed Plaintiffs' exclusive right and license to reproduce and distribute television programs in the videocassette format that are based upon or derived from the Eisenhower Book. Furthermore, by copying virtually one-hundred percent of Plaintiffs' *Crusade in Europe* video documentary series, substituting their names in the credits as creators of the videos in place of Plantiffs', and distributing Plaintiffs' video documentary series in their own packaging, Defendants have mislead the public by placing Plaintiffs' work into the marketplace as if it was their own. As described in greater detail below, Defendants' conduct constitutes (1) copyright infringement under the Copyright Act of 1976, as amended, 17 U.S.C. §§ 101 *et seq.*, (2) reverse passing off under the Trademark Act of July 5, 1946, as amended, 15 U.S.C. §§ 1051 *et seq.*, and (3) unfair competition under California Business and Professions Code §§ 17200 *et seq.* and §§ 17500 *et seq.*, and California common law.

FIRST CLAIM FOR RELIEF
(Copyright Infringement under 17 U.S.C. §§ 101 *et seq.* against all Defendants)

13. Plaintiffs reallege the allegations contained in paragraphs 1 through 12 of this First Amended Complaint as though fully and completely set forth herein.

14. Dwight D. Eisenhower was the author and creator of the Eisenhower Book, entitled *Crusade in Europe*, his memoirs of his celebrated tour of duty as a five-star

general for the United States in World War II. The Eisenhower Book tells the complete story of the war as Eisenhower planned and lived it. Through his eyes, the Eisenhower Book illuminates the enormous scope and drama of the war, including its strategy, battles, and moments of fateful decision.

15. The Eisenhower Book is wholly original with Eisenhower and contains copyrightable subject matter under the laws of the United States.

16. Doubleday; a division of Bantam Doubleday Dell Publishing Group, Inc., is the publisher of the Eisenhower Book. Doubleday is, and at all material times herein was, the sole owner and proprietor of all right, title and interest in and to the copyrights in the Eisenhower Book. Doubleday has complied in all respects with the Copyright Act of 1909, the Copyright Act of 1976 and all other laws governing copyright, and secured exclusive rights and privileges in and to the copyrights in the Eisenhower Book. Doubleday has obtained from the Register of Copyrights at the United States Copyright Office certificates of registration for the original and renewal copyrights for the Eisenhower Book. True and correct copies of the registration certificates for the Eisenhower Book's original copyright, No. A27759, and the renewal copyright, No. R619452, are attached hereto as Exhibits A and B and incorporated herein by reference. Doubleday's exclusive rights in the copyrights of the Eisenhower Book are still valid throughout the world.

17. Excerpts from the Eisenhower Book were also published daily in the *New York Herald Tribune* from November 7, 1948 through December 6, 1948. Doubleday is, and at all material times herein was, the sole owner and proprietor of all right, title and interest in and to the copyrights of the excerpts from the Eisenhower Book that appeared in the *New York Herald Tribune*. Doubleday has complied in all respects with the Copyright Act of 1909, the Copyright Act of 1976 and all other laws governing copyright, and secured exclusive rights and privileges in and to the

copyrights in the *New York Herald Tribune* excerpts. Doubleday has obtained from the Register of Copyrights at the United States Copyright Office the following certificates of registration for the original and renewal copyrights for the *New York Herald Tribune* excerpts:

Date Excerpt Appeared in the *New York Herald Tribune*	Registration Number	Renewal Number
November 7, 1948	B57652	R621230
November 8, 1948	B57653	R621231
November 9, 1948	B57654	R621232
November 10, 1948	B57655	R621233
November 11, 1948	B57635	R621229
November 12, 1948	B57634	R621228
November 13, 1948	B57718	R621236
November 14, 1948	B57719	R621237
November 15, 1948	B57720	R621238
November 16, 1948	B58058	R621251
November 17, 1948	B57721	R621239
November 18, 1948	B57722	R621240
November 19, 1948	B57814	R621243
November 20, 1948	B58059	R621252
November 21, 1948	B57812	R621241
November 22, 1948	B57813	R621242
November 23, 1948	B57716	R621234
November 24, 1948	B57717	R621235
November 25, 1948	B57815	R621244
November 26, 1948	B58426	R621257
November 27, 1948	B57880	R621245

November 28, 1948	B57881	R621246
November 29, 1948	B57882	R621247
November 30, 1948	B58060	R621253
December 1, 1948	B57894	R621248
December 2, 1948	B57945	R621250
December 3, 1948	B57944	R621249
December 4, 1948	B58061	R621254
December 5, 1948	B58062	R621255
December 6, 1948	B58063	R621256

Doubleday's exclusive rights in the copyrights to the excerpts from the Book that appeared in the *New York Herald Tribune* are still valid throughout the world.

18. By agreement dated November 20, 1948 (the "Television Agreement"), Doubleday granted to FOX the sole and exclusive television rights in and to the Eisenhower Book. A true and correct copy of the Television Agreement is attached hereto as Exhibit C and incorporated herein by reference. Pursuant to the Television Agreement, FOX produced an award-winning television series that was derivative of and bore the same title as the Eisenhower Book (hereinafter the "Programs"), namely *Crusade in Europe*. Through spectacular newsreel footage and close-up accounts, the Programs brought Eisenhower's Book to life, depicting the Allies' slow march toward victory in Europe. In bringing the definitive account of the war in the European Theater of Operations to television, the Programs incorporated numerous elements of original subject matter contained in the Eisenhower Book.

19. By agreement dated June 12, 1988 (hereinafter the "Doubleday/FOX Agreement"), Doubleday granted to FOX for a period of seven years the sole and exclusive television and ancillary rights in and to the Eisenhower Book, including,

without limitation, the right to project, exhibit, broadcast, transmit, distribute and exploit the Programs in all media, including, but not limited to video cassettes, and to license and to sublicense any parties to do the same. A true and correct copy of the Doubleday/FOX Agreement is attached hereto as Exhibit D and incorporated herein by reference. On March 11, 1993, Doubleday and FOX amended the Doubleday/FOX Agreement to extend the term of FOX's exclusive license to fourteen years. A true and correct copy of this amendment to the Doubleday/FOX Agreement is attached hereto as Exhibit E and incorporated herein by reference. Doubleday and FOX obtained a Certificate of Recordation for the amendment to the 1988 Agreement, dated February 13, 1996, a true and correct copy of which is attached hereto as Exhibit F and incorporated herein by reference.

20. By agreement dated June 22, 1988 (hereinafter the "FOX/SFM Agreement"), FOX granted to SFM for a period of 7 years the right to act as its exclusive sales agent and distributor of the Programs in all media, including, but not limited to video cassettes, and to license and to sublicense any parties to do the same. A true and correct copy of the FOX/SFM Agreement is attached hereto as Exhibit G and incorporated herein by reference. The term of the FOX/SFM Agreement automatically was extended to fourteen years upon the March 11, 1993 amendment of the Doubleday/FOX Agreement. FOX and SFM obtained a Certificate of Recordation for the FOX/SFM Agreement, dated February 13, 1996, a true and correct copy of which is attached hereto as Exhibit H and incorporated herein by reference.

21. By agreement dated July 27, 1984 (hereinafter the "SFM/NEW LINE Agreement"), which was amended on October 27, 1986, May 12, 1987, and December 15, 1991), SFM granted to Embassy Home Entertainment ("EHE"), and thus to NEW LINE as EHE's successor in interest, the exclusive right and license to manufacture and distribute videocassettes of the Programs. That license is still in effect

today. A true and correct copy of the SFM/NEW LINE Agreement and its December 15, 1991 amendment are attached hereto as Exhibits I and J and incorporated herein by reference.

22. Thus, pursuant to the Doubleday/FOX, FOX/SFM, and SFM/NEW LINE Agreements and their amendments, Plaintiffs, at all times relevant hereto, were and are the holders of the exclusive rights to reproduce, distribute, and license the reproduction and distribution of any television program in the videocassette format that is based upon, derived from or utilizes elements of original subject matter contained in the Eisenhower Book, including the Programs.

23. In approximately 1992, pursuant to the Doubleday/FOX, FOX/SFM, and SFM/NEW LINE Agreements, EHE first manufactured and distributed the Programs in a six-part series of videocassettes under the title *Crusade in Europe*. As a reproduction of the Programs in the videocassette format, *Crusade in Europe* contains elements of original subject matter from the Eisenhower Book that are protected by copyright. In fact, the packaging of each *Crusade in Europe* videocassette displays the following notice: "The Exclusive Picturization of General Dwight D. Eisenhower's book CRUSADE IN EUROPE published by Doubleday & Company Inc. © 1948 Doubleday & Company Inc." NEW LINE, as EHE's successor in interest, continues to offer *Crusade in Europe* for sale today.

24. Plaintiffs are informed and believe and thereupon allege that Defendants have — without Plaintiffs' authorization or consent — copied and reproduced videocassettes of the Programs. In so doing, Defendants have appropriated elements of original subject matter contained in the Eisenhower Book to which Plaintiffs are owners of exclusive rights under the copyrights of the Eisenhower Book and the *New York Herald Tribune* excerpts from the Eisenhower Book.

25. Defendants have, from time to time within the last three (3) years, distributed unauthorized videocassette copies of the Programs, under the title *Campaigns in Europe*.

26. As such, Defendants' *Campaigns in Europe* series unlawfully uses original subject matter contained in the Eisenhower Book and the *New York Herald Tribune* excerpts, which is still copyrighted, and whose television and video rights are vested exclusively in FOX, SFM and NEW LINE, as set forth with greater specificity above. Defendants' unauthorized distribution of *Campaigns in Europe* constitutes an invasion of Plaintiffs' exclusive right to project, exhibit, broadcast, transmit and distribute television programs in the videocassette format that are derivative of the Eisenhower Book, under the Doubleday copyrights to the Eisenhower Book and the *New York Herald Tribune* excerpts.

27. On July 15, 1997, Plaintiffs sent MARATHON MUSIC & VIDEO c/o ENTERTAINMENT DISTRIBUTING a letter notifying Defendants of their infringing acts and requesting that Defendants cease and desist from further distribution of *Campaigns in Europe*. A true and correct copy of this letter is attached hereto as Exhibit K and incorporated herein by reference. Defendants responded with a written request that Plaintiffs provide documentation evidencing their ownership and distribution rights with respect to the *Crusade in Europe* series. On December 18, 1997, Plaintiffs furnished such materials, accompanied by a cover letter sent by certified mail, return receipt requested, in which Plaintiffs again requested that Defendants cease and desist from distributing *Campaigns in Europe*. A true and correct copy of this letter is attached hereto as Exhibit L and incorporated herein by reference. Defendants have ignored this written communication and continue to offer *Campaigns in Europe* for sale in direct contravention of copyright law.

28. Each infringing duplication of the Programs, or sale or rental of *Campaigns in Europe*, as well as Defendants' threat of continuing the same, constitutes a separate claim

against Defendants under the Copyright Act. Plaintiffs have sustained, and will continue to sustain, substantial pecuniary damage to the value of their exclusive rights in and to the Eisenhower Book (and the *New York Herald Tribune* excerpts thereof) in that the previously described activities of Defendants have diminished and will continue to diminish the revenues that Plaintiffs otherwise would receive. In addition, Defendants have realized unlawful and unjust profits from their unauthorized and illegal duplication of the Programs and distribution of *Campaigns in Europe*.

29. Defendants have continued to infringe said rights, and unless permanently enjoined by Order of this Court, will continue to infringe said rights, all to Plaintiffs' irreparable injury. As a result of Defendants' acts of infringement, Plaintiffs are without an adequate remedy at law in that damages are difficult to ascertain and, unless injunctive relief is granted as prayed for herein, Plaintiffs will be required to pursue a multiplicity of actions.

30. Defendants have committed all of the aforesaid acts of infringement deliberately, knowingly, willfully, maliciously and oppressively, without regard to Plaintiffs' proprietary rights.

SECOND CLAIM FOR RELIEF
(Reverse Passing Off under 15 U.S.C. §§ 1051 *et seq.* against all Defendants)

31. Plaintiffs reallege the allegations contained in paragraphs 1 through 30 of this First Amended Complaint as though fully and completely set forth herein.

32. Defendants distribute and sell *Campaigns in Europe* in a box that bears the following label in large, bold print: "Contains Film Footage from the Previously Released CRUSADE IN EUROPE." But *Campaigns in Europe* does not merely contain film footage from *Crusade in Europe*, it is *Crusade in Europe*!

33. Defendants have pirated virtually one-hundred percent of Plaintiffs' *Crusade in Europe* video documentary series, simply splicing off the title sequence and credits that identify Plaintiffs as the producers of the Programs and inserting a new title (and a familiar sounding one at that) and their own names in the place of Plaintiffs' names. Thus, notwithstanding the laborious and time-consuming efforts of Plaintiffs to create the Programs (*e.g.*, selecting and editing the historical newsreel footage, adapting the nearly five-hundred page Eisenhower Book for television, writing the script, and choosing the music), Defendants, by a snip of the credits and change in the packaging, have passed off Plaintiffs' award-winning video documentary series as their own. What Defendants have done is no different than if Defendants had taken *Romeo and Juliet*, whited out William Shakespeare's name, and substituted their own.

34. By the aforesaid acts, Defendants have engaged in "reverse passing off," in violation of 15 U.S.C. § 1125(a).

35. As a result of the aforesaid acts, Plaintiffs have sustained, and will continue to sustain, substantial pecuniary damages. In addition, Defendants have realized unlawful and unjust profits from their passing off Plaintiffs' video documentary series as their own.

36. Defendants have continued to infringe said rights, and unless permanently enjoined by Order of this Court, will continue to infringe said rights, all to Plaintiffs' irreparable injury. As a result of Defendants' "reverse passing off," Plaintiffs are without an adequate remedy at law in that damages are difficult to ascertain and, unless injunctive relief is granted as prayed for herein, Plaintiffs will be required to pursue a multiplicity of actions.

37. Defendants have committed all of the aforesaid acts deliberately, knowingly, willfully, maliciously and oppressively, without regard to Plaintiffs' rights as creators of the *Crusade in Europe* documentary series.

THIRD CLAIM FOR RELIEF
(California Unfair Competition)

38. Plaintiffs reallege the allegations contained in paragraphs 1 through 37 of this First Amended Complaint as though fully and completely set forth herein.

39. The aforementioned activities by Defendants are in violation of Section 17200 *et seq.* and Section 17500 *et seq.* of the California Business and Professions Code and California common law. Plaintiffs have invested substantial time and money in the development of the Programs, and Defendants have appropriated Plaintiffs' property at little or no cost. Such action by Defendants has injured Plaintiffs.

40. Defendants have unfairly competed with Plaintiffs' commercial business and Defendants' activities have deceived, misled and confused the general public. Unless permanently enjoined by Order of this Court, Defendants will continue to do so, all to Plaintiffs' irreparable injury. As a result, Plaintiffs are without an adequate remedy at law in that damages are difficult to ascertain and, unless injunctive relief is granted as prayed for herein, Plaintiffs will be required to pursue a multiplicity of actions.

41. Defendants unlawfully and wrongfully have derived, and will continue to derive income, profits and ever-increasing goodwill from their activities and Plaintiffs have sustained, and will continue to sustain, substantial injury, loss and damage.

42. Defendants have committed all of the aforesaid acts deliberately, knowingly, willfully, maliciously and oppressively, without regard to Plaintiffs' rights.

WHEREFORE, Plaintiffs TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT LLC, and NEW LINE HOME VIDEO, INC. pray:

1. That Defendants, their agents, servants and employees and all persons acting in concert with them be restrained and enjoined permanently from manufacturing, copying, duplicating, selling, renting, marketing, leasing, distributing, or otherwise disposing of any unauthorized videocassette copies of *Campaigns in Europe* or any other television programs that use elements of original subject matter contained in the Eisenhower Book.

2. That Defendants, their agents, servants and employees and all persons acting in concert with them be restrained and enjoined permanently from falsely passing off the Programs as their own or otherwise misappropriating Plaintiffs' property and engaging in deceptive trade practices and unfair competition.

3. That Defendants be required to deliver upon oath all negatives, positive film prints, transcriptions, recordings, video masters or videocassettes, film and video copying machines, and documents related thereto in their possession, held for delivery to them or under their control, which infringe or which may have been used to infringe Plaintiffs' exclusive rights under the copyrights to the Eisenhower Book; and that Orders for Seizure in respect of the foregoing be issued out of this Court and that at the conclusion of this action, the Court shall order all such material so held to be surrendered to Plaintiffs or to be destroyed under § 503 of the Copyright Act, whichever shall seem to this Court to be most just and proper.

4. That Defendants be required to recall from all distributors, wholesalers, jobbers, dealers retailers and all others known to them all copies of *Campaigns in Europe*.

5. That Defendants be required to account for all gains, profits and advantages derived from their acts of infringement and for their other violations of law.

6. That Defendants be required to pay over to Plaintiffs the actual damages suffered by Plaintiffs as a result of the infringement and any profits of Defendants attributable to the infringement of Plaintiffs' exclusive rights under copyright and to pay such damages to Plaintiffs as this Court shall deem to be just and proper within the provisions of the Copyright Act, or, in the alternative, at Plaintiffs' election, statutory damages as set forth in 17 U.S.C. § 504.

7. That Plaintiffs be granted an award of three times the greater of:

a. Plaintiffs' damages for the wrongful acts of Defendants in an amount the Court deems appropriate, together with appropriate interest on such damages; or

b. Defendants' profits in accordance with the accounting demanded above, pursuant to 15 U.S.C. § 1117.

8. That Plaintiffs recover their costs of suit incurred herein.

9. That Plaintiffs recover their attorneys' fees reasonably incurred in this action.

10. That Plaintiffs recover punitive and exemplary damages because of Defendants' knowing and willful violations of Plaintiffs' rights and because Defendants' wrongful actions as herein alleged were willful, in bad faith, malicious, fraudulent, and oppressive.

11. That Plaintiffs have such other and further relief as the Court deems just and appropriate under the circumstances.

Dated: March 25, 1999

SETH ARONSON
NEIL S. JAHSS

DALE M. CENDALI
O'MELVENY & MYERS LLP

By s/ Neil S. Jahss
Neil S. Jahss
Attorneys for Plaintiffs

(Exhibits omitted)

DECLARATION OF JOHN S.D. EISENHOWER IN OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTERDEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 98-7189 DT (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, and NEW LINE HOME VIDEO, INC., a New York corporation,

Plaintiffs,

v.

DASTAR CORPORATION, an Oregon corporation, ENTERTAINMENT DISTRIBUTING, an Oregon corporation, and MARATHON MUSIC & VIDEO, an Oregon corporation,

Defendants.

* * *

DECLARATION OF JOHN S.D. EISENHOWER IN OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTERDEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

Plaintiffs' and Counterdefendants' Cross-Motion

Date: December 6, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

Defendants' Motion

Date: November 22, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

I, JOHN S.D. EISENHOWER, declare:

1. I am the son of General Dwight D. Eisenhower, the thirty-fourth President of the United States of America. I make this Declaration in connection with the above-captioned litigation, in which the renewal copyright to my father's book, *Crusade in Europe*, has been challenged.

2. I graduated from the United States Military Academy at West Point in 1944 and received a Master's Degree in English literature from Columbia University in 1950. After my graduation from West Point, I served in Europe in the last stages of World War II. I continued to serve in the military over the next eighteen years, commanding American units occupying Austria, and serving as a front-line officer with the Third Infantry Division in the Korean War. I later worked as an assistant to General Goodpaster on my father's White House staff. At the conclusion of my father's second term as President, I took an extended leave from the Army to help my father write *The White House Years*, a two volume account of his Presidency, which was published by Doubleday. Since resigning from the Army in 1963, I have worked principally as a military historian, having written numerous books, including *The Bitter Woods: A Comprehensive Study of the Battle of the Bulge, 1944*; *Allies: Pearl Harbor to D-Day*; *So Far from God: The U.S.*

War with Mexico, 1846-48; *Intervention!: The United States and the Mexican Revolution, 1913-1917*; *D-Day 1944*; and most recently, *Agent of Destiny: The Life and Times of General Winfield Scott*. I also was the United States' Ambassador to Belgium from 1969 to 1971.

3. My father was the author of the book *Crusade in Europe* (hereinafter the "Book"), his memoirs of his tour of duty as the leader of United States and Allied Forces' troops in Europe during World War II (the "War"). When the United States entered the War in December of 1941, General George C. Marshall appointed my father to the Army's war plans division, which soon became the Operations Division of the War Department. In June 1942, he was appointed commander of United States troops in Europe, and ultimately Supreme Commander of the Allied Expeditionary Forces. By the time that the Allies crossed the Rhine and Germany surrendered in May of 1945, my father had been promoted to the five-star rank of General of the Army. After being given a hero's welcome upon returning to the United States after the War, my father left active duty in the Army, first to become President of Columbia University, Supreme Commander, Europe (NATO) and then President of the United States.

4. Given my father's role as the commander of the allied force that led to the defeat of Nazism, my father's perceptions and view of the War was of unique historic importance. Thus, even prior to his retirement from the military, my father was relentlessly courted by book publishers to write his memoirs of his War experiences. For years, my father rejected these proposals. As I wrote in my own 1974 autobiography, *Strictly Personal*, my father spurned offers to write a book about his years in the War because he thought it would only exploit the work and sacrifices made by others. (A true and correct copy of a relevant excerpt from *Strictly Personal* is attached hereto as Exhibit A.)

5. Notwithstanding my father's steadfast refusal to write his memoirs, he continued to be pursued by publishers who sought to change his mind. My father's friend, Douglas M. Black, President of Doubleday during the 1940's and a trustee of Columbia University, was the most convincing. With the assistance of colleagues at *The New York Herald Tribune*, which wanted to serialize excerpts of my father's memoirs, Mr. Black emphasized to my father the historical importance of a book that chronicled his War years in my father's own words and the large number of people that would be interested in reading what my father had to say about his experience as Supreme Commander of the Allied forces. When numerous books about the War came out that my father believed were inaccurate, Mr. Black ultimately was able to convince my father that only he could set the record straight. Thus, as I wrote in my autobiography *Strictly Personal*, Mr. Black of Doubleday was instrumental in getting my father to write *Crusade in Europe*. *See* Exh. A.

6. The contract between Doubleday and my father for the Book, with which I am familiar through conversations with my father, was highly unusual for the times, as it memorialized an outright sale of my father's entire interest in the manuscript to Doubleday. He received a substantial, one-time, fixed sum of money in lieu of ongoing royalties. Thus, the Book was commissioned at Doubleday's expense, and I — as well as the other heirs of my father's estate — have no continuing financial interest in the Book or its renewal copyright.

7. Once my father agreed to Mr. Black's request to write his memoirs for Doubleday, he immediately began working on the manuscript. Although my father had turned over most of his military responsibilities to General Bradley, he resided for a few weeks at Quarters No. 1 at Fort Myer in Virginia. He dictated his memoirs to three secretaries. Although I do not know for sure, I assume the secretaries were provided by Doubleday, at Doubleday's expense.

8. While my father wrote the Book in his own words, he was not a professional writer and thus benefited from Doubleday's editorial contributions — especially given the scope of the project and the pressure that he was under to meet a Fall of 1948 deadline. I would estimate that five percent of the Book reflects Doubleday's cosmetic editorial changes, including the addition of the framing sequence at the beginning of the Book.

9. To assist my father, Doubleday put together a team of senior editors from Doubleday and *The New York Herald Tribune*, including Ken McCormick (the former Editor-in-Chief of Doubleday), Joe Barnes, Frank Price and Kevin McCann. I myself once saw my father work with editors from Doubleday and *The New York Herald Tribune* in May of 1948.

10. Through my father's hard work and the editorial and secretarial assistance provided by Doubleday, my father was able to complete drafting the Book in only one hundred days. My father was very proud of the Book. As a military historian, I believe that the Book uniquely reflects my father's near-contemporary, first-hand account of the War without the filter of the passage of time.

11. If it were not for Mr. Black's urging, the Book might not have been written. I also know that Doubleday took a risk in paying a large, lump sum of money upfront for the rights to the Book, instead of paying my father on a royalty basis, when it was unclear how successful the Book would be. Fortunately for Doubleday, the Book became a best-seller and ultimately was made into a multi-part documentary television series by Twentieth Century Fox Film Corporation ("Fox"). I have watched Fox's documentary and think it was well done.

12. Because my father's manuscript was commissioned by and sold outright to Doubleday, I, as executor of his estate, have never believed that I or my father's other heirs have any ownership interest in the renewal copyright for the Book.

Consequently, we never sought to renew the Book's copyright because this was obviously Doubleday's prerogative, as owner of the rights to the Book, to do so.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on this 4th day of November, 1999, at Trappe, Maryland.

s/ John S.D. Eisenhower
John S.D. Eisenhower

DECLARATION OF SAMUEL S. VAUGHAN IN OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTERDEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 98-7189 DT (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, and NEW LINE HOME VIDEO, INC., a New York corporation,

Plaintiffs,

v.

DASTAR CORPORATION, an Oregon corporation, ENTERTAINMENT DISTRIBUTING, an Oregon corporation, and MARATHON MUSIC & VIDEO, an Oregon corporation,

Defendants.

* * *

DECLARATION OF SAMUEL S. VAUGHAN IN OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTERDEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

Plaintiffs' and Counterdefendants' Cross-Motion

Date: December 6, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

Defendants' Motion

Date: November 22, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

I, SAMUEL S. VAUGHAN, declare:

1. I am Editor-at-Large of counterdefendant Random House, Inc. Doubleday & Co., which published General Eisenhower's book *Crusade in Europe ("Crusade")* in 1948, later became part of Bantam Doubleday Dell Publishing Group, Inc., which merged with Random House, Inc. in 1998 under the latter's name. I make this declaration in opposition to defendants' motion for summary judgment and motion to dismiss, and in support of plaintiffs' and counterdefendants' cross-motion for summary adjudication of issues.

2. My entire professional career has been spent as an editor, publisher and author. I worked for Doubleday & Co., Inc. from 1952 to 1985. I was Senior Editor of its Doubleday Publishing Company from 1958 to 1968, Executive Editor from 1968 to 1970, Publisher and President from 1970 to 1982, and finally, Editor-in-Chief from 1982 to 1985. In 1986, I joined Random House, Inc., serving as Senior Vice President from 1986 to 1990, and Editor-at-Large from 1990 to the present. I have attached as Exhibit A a summary of my background, which includes the positions I have held, as well as a list of the books and other publications I have written, a partial list of the authors for whom I have been editor or publisher, and other matters.

3. I joined Doubleday in 1952, approximately four years after the publication of *Crusade*. But I have learned a great deal about the origin, writing, and publication of *Crusade* in conversations with many people with whom I have worked over my nearly fifty-year career at Doubleday and Random House, including Eisenhower himself, Douglas M. Black, who was President of Doubleday in the 1940's (and a trustee of Columbia University, where Eisenhower served as President before his election as President of the United States), and Kenneth McCormick, who was Editor-in-Chief of Doubleday from 1942 to 1971 and the chief editor for *Crusade*. Eisenhower, Black, and McCormick have all died, and to my knowledge, no one else who was directly involved with the publication of *Crusade* is still alive.

4. I worked closely with Eisenhower on several projects for Doubleday after *Crusade*, including his Presidential memoirs (*The White House Years*), when I was posted to Gettysburg for that purpose. I also worked directly for McCormick, and of course for Black, a close friend of Eisenhower's.

5. With World War II ending in the Allies' favor, Doubleday recognized the importance of, and potential market for, a book by Eisenhower, the architect of the Allied campaign. Therefore, with the approval of Black and the assistance of colleagues at *The New York Herald Tribune*, who wished to serialize Eisenhower's memoirs, McCormick vigorously urged Eisenhower to write his memoirs of his World War II experiences. Doubleday and *The Herald Tribune* went all out in their pursuit of Eisenhower, recognizing that generals — not being professional writers — usually have to be persuaded to write books. Doubleday and *The Herald Tribune* helped Eisenhower reach the decision by pointing out that other books about World War II would tell the story differently, and perhaps inaccurately, and that Eisenhower had the unique opportunity to record the true story of the conflict for history.

6. Eisenhower had *no* previous experience as a book author, his writing chiefly confined, as he put it, to "reports" that were really Government-owned works for the Army. Thus, he welcomed Doubleday's assistance and supervision in fashioning a book, not a "report."

7. Doubleday, with the help of the *Herald Tribune* at the outset of the project, mobilized an unusual effort involving substantial time, expense and high-level personnel. McCormick, Doubleday's chief editor, along with Joe Barnes, an editor from the *Herald Tribune*, made frequent trips (at least one a week) to Fort Myer in Virginia, where Eisenhower resided and worked. It was an extremely close working relationship, with Eisenhower producing the material and McCormick and Barnes providing significant comments and guidance. This procedure was very different from the typical editorial arrangement, when only one editor is involved, and then generally much later in the process. I think it fair to say, from everything I know, that *Crusade* had the benefit of an intense form of cooperation between Eisenhower and McCormick and Barnes, *Crusade*'s two chief editors.

8. While the *Herald Tribune* and Doubleday initiated the project to publish *Crusade*, Doubleday quickly assumed the principal role in its formation and execution. It was decided early that Doubleday, as the book publisher, should take the lead, with the *Herald Tribune*, as the publisher of portions of *Crusade* in serialized form, playing a subordinate role. Thus, aside from the payment made to Eisenhower, to which both Doubleday and *The Herald Tribune* contributed, Doubleday shouldered a great deal of the expense of the project, including paying for the editorial team and several secretaries assigned specifically to help Eisenhower. I have been told that Doubleday did the fact checking for *Crusade*. That would be typical for works made for hire, but highly unusual in the ordinary author-publisher arrangement. In my experience as an editor, publisher and writer, I can think of

few comparable efforts to Doubleday's in facilitating and guiding the writing and publishing of *Crusade*. While *Crusade* was clearly Eisenhower's story, it would not have been written without the publishers' urging, not to mention the considerable assistance provided and expense incurred by Doubleday.

9. *Crusade* was unusual in other respects, as well. I am not a lawyer, but the common understanding of the term "work made for hire" in the publishing business, at the time of *Crusade*'s writing and publication, was a book that the publisher owned outright, without any further obligation to the writer beyond the payment, usually a lump sum paid at the outset. The financial arrangement that evolved for *Crusade* was a one-time, fixed payment upfront, without further financial expectation in the form of continuing royalties, in return for the unconditional sale of all of his rights in the work outright to Doubleday. There were tax advantages for Eisenhower in structuring the deal for *Crusade* in this manner, in the form of capital gains treatment, something I understand that he cleared in advance with the Internal Revenue Service.

10. In my experience, I know of no example of a book bought outright that was not a work made for hire. Eisenhower was paid what was then a very substantial amount of money ($635,000) that was in effect a guarantee, with Eisenhower forgoing any further monetary or other interest in the book and Doubleday acquiring the copyright and all other rights thereto. It was an unusual arrangement at the time (and even now), especially for a so-called trade book that was intended for general readers (as opposed to textbooks, reference books and the like). More typical then (and now) was an arrangement in which the author, retaining the copyright, received a continuing royalty based on the book's sales, plus a smaller advance payment recoupable from royalties and other earnings. While the publisher does not own the copyright, that sort of royalty arrangement is far

less risky for a publisher, because payments to the author usually depend largely on the book's sales, with both author and publisher sharing the risk and rewards, depending on the success of the book. With *Crusade*, however, Doubleday not only paid Eisenhower an unusually high guaranteed sum of money, but it absorbed the entire risk in the event *Crusade* sold poorly. In return for bearing those risks, Doubleday obtained all rights in *Crusade* on a work-for-hire basis.

11. It was Eisenhower's decision to enter the arrangement for *Crusade* that paid him an upfront, lump sum in return for producing *Crusade's* manuscript on a work for hire basis (*i.e.*, giving up all interest in the copyright). An author at that time, I believe, could have retained an ongoing financial interest in the work and sought to lessen the tax impact through a "royalty spreadforward" arrangement (*i.e.*, spreading current income over a period of time in the future). But Eisenhower preferred the upfront, guaranteed payment and even more favorable capital gains treatment. For his later books with Doubleday, Eisenhower — in contrast to the arrangement for *Crusade* — followed the more traditional approach of retaining the copyright and participating in the books' earnings by an advance and an ongoing royalty interest. Therefore, *The White House Years* was not written by Eisenhower as a work for hire, but instead was registered in the name of Eisenhower himself, rather than Doubleday. Attached hereto as Exhibit B is a true and correct copy of the original registration certificate for *The White House Years*. With Eisenhower's death in 1969, his son John, as his surviving heir, renewed *The White House Years* in 1991. Attached hereto as Exhibit C is a true and correct copy of the renewal registration for *The White House Years*.

12. I was President and Publisher of the Doubleday Publishing Company in 1975 when it renewed the copyright in *Crusade*. Because *Crusade* was a work made for hire, it was Doubleday's understanding that it was the appropriate

party to renew the copyright in *Crusade*. I was, of course, not directly responsible for the filing of the renewal, which was handled by our copyright department. But publishing is founded on copyright; copyrights are the legal and financial stock-in-trade of the publishing business, and publishers — Doubleday included — take the matter of copyrights and their renewals very seriously. To my knowledge, no one — until this litigation — has *ever* challenged the validity of Doubleday's renewal copyright in *Crusade* or even suggested that it might be improper or invalid. There certainly was no issue raised at the time of the renewal by Eisenhower's estate or anyone else. It is ironic that the copyright renewal is challenged not by the author's heirs, but by someone who is a complete stranger to the author-publisher relationship and who had no involvement of any kind in the writing and publishing of *Crusade*.

13. *Crusade* has been a popular and critical success for Doubleday. In fact, to commemorate its 100th anniversary in 1997, Doubleday asked a group of writers, journalists, booksellers, educators, and others to identify the most important books that Doubleday has published over the past one-hundred years. *Crusade* was selected as one of seven books that broke new ground in nonfiction.

14. As someone who has worked in the publishing industry for nearly fifty years, I am disturbed that Dastar is attacking the copyright in one of the most important books about World War II, which was written by one of the War's most respected military figures and later, popular presidents. It is difficult from my perspective to see what justification Dastar has in seeking to invalidate the copyright in a work of such stature and importance. As I stated above, neither Eisenhower nor his heirs have ever questioned the validity of *Crusade*'s original or renewal copyrights, and in my view, there is no reason to second-guess them now.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct.

Executed this 4th day of November, 1999, at New York, New York.

s/ Samuel S. Vaughan
Samuel S. Vaughan

EXHIBIT A

SAMUEL S. VAUGHAN _____ Editor, Publisher, Author

Home: 23 Inness Road • Tenafly, NJ 07670 •
(201) 568-9485 Phone • (201) 568-7527 Fax
Office: Random House, Inc. • 201 East 50th Street •
New York, NY 10022 • (212) 572-8730
Phone • (212) 572-4949
Fax • E-Mail: svaughan@randomhouse.com

BORN: August 3, 1928, Philadelphia, Pennsylvania

EDUCATION: *Philadelphia and Harrisburg, PA. public schools. Penn State University*
B.A. in journalism, 1951. Editor-in-Chief, photographer, jazz columnist, art director, *Froth* (humor magazine), First editor *Inkling*, literary magazine.
Distinguished Alumnus, 1977. Alumni Fellow, 1981

MILITARY:
U.S. Marine Corps, 1946-48
- *Parris Island, S.C.*
- Photographer & cameraman, motion picture unit, Camp Pendleton, CA. (movies, newsreels, etc. in California, Hawaii, North China and Guam.)

WORK EXPERIENCE:
King Features Syndicate
- Deskman (minor writing and editing), 1951.

Doubleday & Co., Inc.

- Assistant Manager, Doubleday Syndicate (sales & editing, rights department), 1952-54.
- Doubleday Publishing Co.
- Advertising Manager, 1954-56.
- Sales Manager, 1956-58.
- Senior Editor, 1958-68.
- Executive Editor, 1968-70.
- Publisher and President, 1970-1982.
- Editor-in-Chief, 1982-85.
- Vice President, Doubleday & Co., Inc. (parent company), 1970-85.

Random House, Inc.

- Senior Vice President, Random House, 1986-90.
- Editor-at-Large, Random House, Inc., 1990-present.

ASSOCIATIONS:

Association of American Publishers

- Chairman, General Books Council, 1972-74.
- Founding Chairman, Education for Publishing Committee, 1975-78.

AWARDS AND HONORS: — Publishers Ad Club, Ad of the Year, 1956 for Richard Llewellyn's *novel, Mr. Harnish Gleave.* — *Bowker Memorial Lecturer, 1976*

ADVISORY BOARDS:

Foreign Policy Association; New York University Dystel Fellowships; City University of New York Graduate Center, Education for Publishing Program; Crouse Publishing Arts Library; Harvard University Press, Visiting Committee; RIF (Reading is Fundamental, Washington, D.C.); Tony Godwin Editing Award, Judge, 1994; Foxfire Board; New York Public Library, Friends Committee.

PUBLICATIONS:

Books for Children:

- *Whoever Heard of Kangaroo Eggs?* New York: Doubleday, 1957 & London: World's Work.
- *New Shoes.* New York: Doubleday, 1961 & London: World's Work.
- *The Two-Thirty Bird.* New York: Norton, 1965, Reprinted by Grossett & Dunlap, Science Service, and Young Reader's Press.

OTHER BOOKS:

- *Little Red Hood* (humor, pseudonymous with illustrator Tony Ross.) New York: Doubleday, 1979
- *The Little Church.* Privately published history, 1969.
- *The Accidental Profession.* AAP, 1979. (principal author).
- *Medium Rare: A Look at the Book and Its People.* Bowker, 1977.

OTHERS:

- Articles in *The New York Times, The Sunday Times (London)*, etc.
- *Editors on Editing* (chapter, "Letter from the Editor"). Harper, 1985.
- "The State of the Heart." *The Business of Publishing* (Introduction) Westview Press, 1985.
- "The Community of the Book." *Daedalus*, 1983. Reprinted in *Reading in the 80's.* Bowker, 1983 and in *Library Lit: The Best of 1984.* Scarecrow Press. 1984.
- "The Question of Biography" (with Daniel Boorstin, Edmund Morris, James Thomas Flexner, David McCullough) *Biography and Books.* Library of Congress, 1985.
- "The Magic is in the Mysteries." *My First Year in Book Publishing.* (Introduction) New York: Walker, 1994

FACULTY MEMBER: The New School, 1976; Columbia University, 1978-1988.

LECTURES:
Radcliffe, University of Denver, NYU, Stanford, Library of Congress, Penn State, etc

PERSONAL:
Married: Jo Vaughan. Children: Jeffrey Marc, Leslie Jane, Dana Alexander, David Samuel.

MEMBER:
The Century Association (NY); Tenafly Tennis Club (NJ); Quantuck Beach Club (Quogue, NY). (Ex-member: The Lambs; The Dutch Treat Club; The Coffee House.)

EDITOR/PUBLISHER FOR (PARTIAL LIST):

Diane Ackerman, Shana Alexander, Stephen Ambrose, Patrick Anderson, Bernard Asbell, Isaac Asimov, Laurence Barrett, Dave Barry, Brendan Behan, Ezra Taft Benson, Bill Bradley, Brassai, William F. Buckley, Jr., Herb Caen, Hortense Calisher, Bruce Catton, Charlotte Chandler/Fellini, Joanne Ciulla, George Cuomo, Max Eastman, Dwight D. and, Milton, and John S.D. Eisenhower, Duke Ellington, Paul Erdman, Fannie Flagg, Sarah Gainham, Ernest K. Gann, Larry Gelbart, Winston Graham, George Garrett, Ruth Gordon, William Goyen, Hannah Green, Josh Greenfield, Leonard Gross, Arthur Hailey, Alex Haley, Marilyn Harris, William Harrison, W.C. Heinz, Mohamed Heikal, Patty Hearst, Thor Heyerdahl, Sir Edmund Hillary, Rolaine Hochstein, Hubert H. Humphrey, J.R. Humphreys, Hammond Innes, Roger Kahn, Garson Kanin, Dr. Fred Kantrowitz, Richard Ketchum, Marvin Kitman, Stephen King, F. Sionil José, Eric Larrabee, Gordon Lish, Alistair MacLean, D. Keith Mano, Kai Maristed, John Bartlow Martin, Martin Mayer, Eugene McCarthy, James Michener, James Mills, Gilbert Millstein, Alvin Moscow, Edmund Muskie, Paul Nagel, N. Richard Nash, David Niven, Louis Nizer, William Abrahams & the *O. Henry Prize Stories*, Jake Page, William Paley, Joe Paterno, Stanley Pottinger, Jean-Francois Revel, Nelson

Rockefeller, William Safire, Pierre Salinger, Harrison Salisbury, Jonathan Schwartz, Winfield Townley Scott, W.B. Seitz, Israel Shenker, Bud Shrake, Nancy Sinatra, David Slavitt, Wilbur Smith, Elizabeth Spencer, Wallace Stegner, Alma Stone, Irving Stone, Lewis L. Strauss, Gay Talese, Alexander Theroux, Tommy Thompson, Ann Thwaite, Henri Troyat, Margaret Truman, Leon Uris, Immanuel Velikovsky, Earl Warren, Peter Watson, Tom Wicker, Paul Wilkes, Lauren Wolk, Yevtushenko.

(Exhibits B and C omitted)

DECLARATION OF STANLEY MOGER IN OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTER-DEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 98-7189 DT (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, and NEW LINE HOME VIDEO, INC., a New York corporation,

Plaintiffs,

v.

DASTAR CORPORATION, an Oregon corporation, ENTERTAINMENT DISTRIBUTING, an Oregon corporation, and MARATHON MUSIC & VIDEO, an Oregon corporation,

Defendants.

* * *

DECLARATION OF STANLEY MOGER IN OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTER-DEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

Plaintiffs' and Counterdefendants' Cross-Motion

Date: December 6, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

Defendants' Motion

Date: November 22, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

I, STANLEY MOGER, declare:

1. In 1969, two partners and I founded SFM Media Service Corporation, renamed SFM Media Corporation several years later, as a media buying service headquartered in New York City. I spearheaded the formation of the SFM Entertainment Division several years later and headed up that business for over twenty five years. When SFM Media Corp. was sold to third parties in January 1998, I acquired the assets of the SFM Entertainment Division, which became SFM Entertainment LLC (together with its predecessor, "SFM"), a plaintiff and counterdefendant in this lawsuit. I am currently SFM's sole owner and President. I make this declaration in opposition to defendants' motion for summary judgment and motion to dismiss, and in support of plaintiffs' and counterdefendants' cross-motion for summary adjudication of issues.

2. SFM is, and has been since its formation, primarily a marketing company involved in packaging and distributing television programming. Among SFM's notable achievements over the years are the creation of the *SFM Holiday Network*, which specialized in presenting classic family movies for television; the revival of *Walt Disney's*

Mickey Mouse Club; and the development of the *Mobil Showcase Network*. SFM is presently responsible for marketing and distributing programs such as *The Flip Wilson Show*, *The Joey Bishop Show*, and many of the American Film Institute's ("AFI") programs, including *AFI's 100 Years . . . 100 Movies* and *AFI's 100 Years . . . 100 Stars*.

3. SFM has carved out a niche in reviving old programs for the purpose of presenting them to the television audiences of today. One such property that SFM restored is *Crusade in Europe*, the classic television series of 26 half-hour episodes that was created in the late 1940's and based on *Crusade in Europe*, the book by General Dwight D. Eisenhower (the "*Crusade in Europe* Series"). SFM's involvement with the *Crusade in Europe* Series began around the late Summer or early Fall of 1978, when I learned that Time, Inc. ("Time") was not attending fully to its *March of Time* library to save storage costs, a situation that if it had persisted would have led to the eventual loss of the library. The *March of Time* was a thoughtful editorial and investigative news feature series that was produced by Time from 1935 to 1951. It was principally shown in movie theatres during that period as a news feature short subject prior to the main attractions. The *March of Time* has been described as the *60 Minutes* of its day, as it delivered groundbreaking news about the events leading up to World War II, the War itself, and other subjects of that period.

4. Recognizing the historic importance and value of the *March of Time* library and the concomitant loss were it allowed to deteriorate, I spoke with representatives of Time regarding the potential of SFM preserving and distributing the library. In the course of those discussions, questions arose as to the specific films that comprised the *March of Time* library, the precise condition of the films, and the intellectual property rights in the films. On July 10, 1980, after extended discussions, SFM and Time-Life Television, a division of Time-Life Films Inc., entered into a distribution and

marketing agreement, later modified, regarding the *March of Time* library (the "SFM/Time Agreement"). A copy of the SFM/Time Agreement is attached hereto as Exhibit A.

5. Upon entering into the SFM/Time Agreement, SFM hired Morrie Roizman, a former associate producer and editor of the *March of Time*. I directed Roizman to review the collection of films and other materials that SFM had obtained from Time as part of the deal for the purpose of (1) assessing the condition of the films (because they were all old and some were damaged) and (2) reconstructing the properties (because the films, negatives, and other essential elements of the original material were missing, creating unacceptable gaps in a series or even in an individual episode). Under my supervision, SFM embarked on a major operation to restore the films so they could be repackaged and remarketed to modern television audiences. SFM invested approximately five years and over $250,000 to recover and reassemble the original *March of Time* episodes.

6. While Roizman was pursuing his part of this project, he informed me that in the late 1940's the *March of Time* had produced two multi-part television documentaries, one entitled *Crusade in Europe* and the other *Crusade in the Pacific*. He told me that the *March of Time* had produced the former for Twentieth Century Fox Television Productions, Inc. (the "Fox Division") as a work-for-hire based on the *Crusade in Europe* book (the "Book") written by General Dwight D. Eisenhower and that Fox had the rights to the *Crusade in Europe* Series. In late 1981 or early 1982, Roizman further informed me that his physical inventory of the contents of the materials provided by Time showed that the film negatives for the *Crusade in Europe* Series were missing.

7. When I learned that the film negatives for the *Crusade in Europe* Series were missing, I instructed Morrie Roizman to find a copy of the Series on film prints. When he could

not find a copy of the film in the obvious storage locations, SFM widened the search. I enlisted the assistance of persons outside SFM whom I believed had knowledge or contacts that might lead to the discovery of the film.

8. While SFM was heading up the search for a copy of the *Crusade in Europe* Series and supervising the restoration of the *March of Time* library, SFM and Embassy Home Entertainment ("EHE"), a predecessor of New Line Home Video, Inc. ("New Line"), entered into an agreement, dated July 27, 1984, in which EHE obtained the exclusive rights to distribute videocassettes of the *March of Time* newsreels and *Crusade in the Pacific* throughout the world (the "SFM/New Line Agreement"). A copy of the SFM/New Line Agreement is attached hereto as Exhibit B. This agreement provides, among other things, that in the event SFM offers worldwide home video distribution rights in the *Crusade in Europe* Series, EHE has the exclusive option of acquiring rights in that property too. Exh. B at par. 1(d).

9. Ultimately, the comprehensive and time-consuming search for the *Crusade in Europe* Series that SFM had set in motion was successful. First, around 1987 or 1988, 16mm negatives of the *Crusade in Europe* Series were located at an off-site storage facility used by Fox. Second, about six months later, I was informed about a person who had represented that he had the 35mm negatives of the *Crusade in Europe* Series stored in a vault in the Chelsea section of New York City. After an SFM employee reviewed a reel of the 35mm film elements taken from the vault and determined that it was an authentic 35mm version of the *Crusade in Europe* Series, SFM acquired this physical material for $7,500.

10. With the help of others at SFM, I fully reviewed and studied both the 16mm and 35mm copies that SFM had obtained, and evaluated their condition. SFM developed and implemented a plan to restore the *Crusade in Europe* Series.

Because the negatives were old and in rough condition, SFM sent them to a special laboratory to be restored. The negatives were also missing some titles and credits, so a new set of master tapes was prepared in 1989 incorporating a list of the original titles and credits that Time had provided in written form. SFM wanted to give credit where credit was due, and had no desire to pass off the *Crusade in Europe* Series as its original creation. SFM incurred significant expense in preparing the new titles and credits to match the classic appearance of the rest of the Series. Resurrecting the *Crusade in Europe* Series also involved, among other things, fixing the soundtrack and standardizing the opening sequences of the individual 26 episodes. The total cost of restoring the *Crusade in Europe* Series was approximately $75,000.

11. SFM entered an agreement with the Fox Division, dated June 22, 1988, in which the Fox Division appointed SFM the exclusive distributor of the *Crusade in Europe* Series in all media throughout the world (the "Fox/SFM Agreement"). The terms of that agreement run concurrently with Fox's rights to exploit the *Crusade in Europe* Series pursuant to license with Doubleday. A copy of the Fox/SFM Agreement, under cover of a certificate of recordation filed with the U.S. Copyright Office with respect to the latter agreement, is attached hereto as Exhibit C. Because Fox renewed its license in the Book with Doubleday, the term of the Fox/SFM Agreement was automatically extended, and the agreement remains in effect today.

12. Subsequently, by a December 15, 1991 amendment to the SFM/New Line Agreement, SFM contracted with New Line, now successor to EHE, in which, among other things, New Line exercised the option to distribute the *Crusade in Europe* Series as videocassettes. A copy of the December 15, 1991 amendment to the SFM/New Line Agreement is attached hereto as Exhibit D.

13. In conjunction with New Line, SFM had the *Crusade in Europe* Series repackaged for sale as videocassettes (the "*Crusade in Europe* Videos"). The Videos are a direct reproduction of the *Crusade in Europe* Series.

14. New Line commenced selling the *Crusade in Europe* Videos in retail outlets in the United States in 1993. The credits for the Videos give clear credit to the parties who created and restored the Videos and whose contributions have brought the Videos to modern audiences. For instance, credit is given to "SFM" and "New Line Home Video," and the credits also state: "A March of Time Production By Arrangement with 20th Century Fox" and "Eisenhower's Crusade in Europe Based on the Book by General Dwight D. Eisenhower."

15. Several years after the *Crusade in Europe* Series came on the market, I was reviewing various videotapes being offered at a retail store near my home in a suburb of New York City and saw a boxed set of seven cassettes entitled *Campaigns in Europe* that was being released by a company I did not recognize. On the outside of the package was displayed an oval sticker with a statement to the effect: "Contains Footage Previously Released under the title CRUSADE IN EUROPE."

16. Suspecting that there had been wrongdoing given the similar titles and the odd reference to *Crusade in Europe*, I bought a set of *Campaigns in Europe* and watched some of the tapes at home that evening. I was outraged to discover that *Campaigns in Europe* is an almost complete copy of the *Crusade in Europe* Videos that SFM had expended significant time and expense to create through a revival of the original television tapes for the *Crusade in Europe* Series. The *Campaigns in Europe* Videos copied the original 26-episode *Crusade in Europe* that was produced by Time for Fox, with minor additions and deletions (such as redone titles). The body of the *Crusade in Europe* Series was taken without authorization to create the *Campaigns in Europe* Videos.

17. I was further outraged to see that the original credits and copyright notice contained in the *Crusade in Europe* Videos and stated on the packaging for such Videos had been deleted in *Campaigns in Europe* and replaced with false credits that stated "DASTAR CORP. presents Campaigns in Europe." Because the *Crusade in Europe* Videos give credits to the same parties as the *Crusade in Europe* Series, the parties that were given credits in the *Crusade in Europe* Series were also excluded from the credits in *Campaigns in Europe*.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on this 7th day of November, 1999, at Purchase, New York.

s/ Stanley Moger
Stanley Moger

(Exhibits omitted)

DECLARATION OF STACIE V. STRAW IN OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTER-DEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 98-7189 DT (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, and NEW LINE HOME VIDEO, INC., a New York corporation,

Plaintiffs,

v.

DASTAR CORPORATION, an Oregon corporation, ENTERTAINMENT DISTRIBUTING, an Oregon corporation, and MARATHON MUSIC & VIDEO, an Oregon corporation,

Defendants.

* * *

DECLARATION OF STACIE V. STRAW IN OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTER-DEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

[FILED UNDER SEAL]

Plaintiffs' and Counterdefendants' Cross-Motion

Date: December 6, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

Defendants' Motion

Date: November 22, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

I, STACIE V. STRAW, declare:

1. I am a paralegal at O'Melveny & Myers LLP, counsel of record for plaintiffs Twentieth Century Fox Film Corporation, SFM Entertainment LLC and New Line Home Video, Inc. (collectively, "plaintiffs") in the above-entitled case. I make this declaration in opposition to defendants' motion for summary judgment and motion to dismiss, and in support of plaintiffs' and counterdefendants' cross-motion for summary adjudication of issues. All of the matters set forth herein are based on my personal knowledge and, if called as a witness, I could and would testify competently thereto.

2. Attached hereto as Exhibit A is a true and correct copy of an excerpt from the transcript of the deposition of Norman Andersen.

3. Attached hereto as Exhibit B is a true and correct copy of Exhibit 26 to the deposition of Norman Andersen.

4. Attached hereto as Exhibit C are true and correct copies of relevant excerpts from the deposition of Stephen Hebert.

5. Attached hereto as Exhibit D is a true and correct copy of Exhibit 61 to the deposition of Stephen Hebert.

I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed this 7th day of November, 1999, at Los Angeles, California.

s/ Stacie V. Straw
Stacie V. Straw

DEPOSITION OF NORMAN ANDERSEN
JULY 27, 1999

(Commencing at page 352)

MS. CENDALI: I would like to mark as Plaintiffs' Exhibit 26 a two-page document bearing Bates Nos. 1106 and 1107, dated 1/27/97, and ask the witness it he can identify it.

(Deposition Exhibit No. 26 marked for identification.)

A. Yes, I can.

BY MS. CENDALI:

Q. What is it?

A. A purchase order for stickers dated 1/27/97, from EBI to Rose City Label for 5,000 Crusade in Europe stickers and 5,000 Crusade in the Pacific stickers.

Q. And is the attachment to page 1106, which I see now does not seem to have a Bates No. 1107 — maybe it came off — Does that indicate what you wanted the stickers to say?

A. Yes, it does.

Q. And that the legend "Contains film footage from the previously released Crusade in Europe"?

A. That is correct.

MR. HYMAN: Objection. I would object to that because the document says — to

EDI

ENTERTAINMENT DISTRIBUTING
P. O. Box 22738/ Eugene, OR 97402
Phone 541484-7070
FAX 541/484-7188

PURCHASE ORDER

DATE 1/27/97
P.O. NO. --------3876
PAGE 1 of 1

EXHIBIT NO. 26
C & C REPORTING

TO: Rose City Label

SHIP TO: EDI,
2480 West 7th Place
Eugene, OR 97402

F.O.B.	SHIP VIA	TERMS	ORDERED BY
Eugene	Your Carrier	30 Days	WC

LINE NO.	YOUR ITEM NO. / OUR ITEM NO.	DESCRIPTION	QUANTITY / UNIT PRICE	UNIT	EXTENDED PRICE / REQUIRED DATE
		Oval Stickers as per Enclosed masters			
1		"Crusade In Europe"	5000 /		
2		"Crusade In The Pacific"	5000 /		
		Art Masters Enclosed			
		Size to be the same as 289R die -- page enclosed			
		White Gloss with Black Print			
			TOTAL		

NOTES:

Norm Andersen
authorized signature

001106

BEST AVAILABLE COPY

Contains Film Footage from the Previously Released

CRUSADE IN EUROPE

Contains Film Footage from the Previously Released

CRUSADE IN EUROPE

DEPOSITION OF STEPHEN HEBERT
JULY 29, 1999

(Commencing at page 77)

revenues attributable to Campaigns in Europe?

A. Yes.

Q. And am I correct, Mr. Hebert, that you yourself caused to be generated each of these documents that we've just discussed: Exhibits 10, 11, 59, and 60?

A. All four exhibits were generated by myself. And the computer, of course. But . . .

Q. I'd like to show you what we'll mark as Exhibit 61.

(Deposition Exhibit No. 61 marked for identification.)

MR. HYMAN: What is this, the shipments? Oh, okay.

MS. CENDALI: And, Counsel, I would like to just clarify that as best I can tell, the exhibit that we had — the one-page exhibit that we had — well —

MR. HYMAN: The one-page exhibit I gave you earlier has the monthly totals we redid as the first page of 61 in bigger type.

MS. CENDALI: Fair enough.

BY MS. CENDALI:

Q. So turning, then, to the preferred, bigger-type version of what I believe you had [78] given me yesterday as Exhibit 501, which we —

MR. HYMAN: We can take off the record.

BY MS. CENDALI:

Q. — we don't need because it's duplicative. Let's just focus on Exhibit 61. Can you identify Exhibit 61, please, Mr. Hebert?

A. Exhibit 61 is an eight-page document. Each page represents monthly net shipments of particular seven-video box set items from 10 of '95 through June of '99.

Q. And does the first page of Exhibit 61 deal with Campaigns in Europe —

A. That —

Q. Is that correct?

A. That is correct.

Q. And do subsequent pages of Exhibit 61 deal with other titles?

A. That is correct.

Q. Leaving aside the other titles for the time being, did you compile and create Exhibit 61?

A. I did.

Q. And if my question wasn't clear: Did you create all of Exhibit 61, all the pieces [79] of paper?

A. That is correct.

Q. Okay. I note that, turning to the first page, the net shipments over time of Campaigns in Europe per month, there appear to be some months when sales are substantially higher than other months.

Is that in part, in your view, attributable to the cyclical, seasonal nature of the video business, Dastar's video business?

A. All retail business, but in particular video business at Dastar.

Q. What time lag, if any, is there from — Let me start again.

In calculating what the net shipments were in a given month, how did you go about doing that?

A. The computer can generate documents like Exhibit 60, 10, 59, and 11, but we did not have sufficient time —

MR. HYMAN: Why don't you — you can tell how long it took, whatever. Why don't you say how you did this one, and then you can get into why —

A. How I did this was I created on a [80] computer screen the information that is shown on the last page of these four exhibits.

MR. HYMAN: Which ones are you talking about?

THE WITNESS: Exhibit 60, Exhibit 10, Exhibit 11, and Exhibit 59.

I called up the last page from a computer disk, took that information in a handwritten form from the computer screen, and created the individual monthly net shipments that are demonstrated by the first page of Exhibit 61.

- BY MS. CENDALI:

Q. And —

A. It would have taken more than 36 hours to print the documentation that you have in Exhibits 10, 11, and 59 on a monthly basis.

Q. Okay. Now, on — Do the figures reflect actual units shipped in the month indicated by Dastar?

A. That is correct.

Q. Typically — Sir? You wanted to add something?

A. And net returns. It's net shipments in this presentation rather than outbound, [81] returns, and a net number.

Q. Okay. So in essence, Exhibit 61 collapses the returns and sales information from Exhibits 59, 60, 10, and 11 into a single document, in terms of units at least?

A. In terms of units shipped, that's correct, yes.

Q. Okay. What time lag, if any, does Dastar have for when an order is received and units are shipped?

MR. HYMAN: And it may be indefinite as to time. If it's changed between 1995 to the present, you might want to elaborate on that.

A. From the beginning of the audio business with the major accounts, Costco and Sam's Club, which we referred to earlier, it has been our operating practice to ship within 48 hours of an order.

There will be times when we're faster than that. There will be times when we're slower than that.

With respect to Campaigns in Europe, I do not recall that we ever had a delay because we were out of product, which can happen. So I

EXHIBIT 61

NET SHIPMENTS: CAMPAIGNS IN EUROPE

30173/ Z30173

10/95:	3	07/97:	211
11/95:	3	08/97:	162
12/95:	1	09/97:	891
01/96:	5	10/97:	1746
02/96:	111	11/97:	2256
03/96:	259	12/97:	2140
04/96:	97	01/98:	145
05/96:	140	02/98:	24
06/96:	282	03/98:	672
07/96:	156	04/98:	2640
08/96:	567	05/98:	1433
09/96:	1	06/98:	378
10/96:	2422	07/98:	260
11/96:	2142	08/98:	(1138)
12/96:	2149	09/98:	225
01/97:	1227	10/98:	1544
02/97:	1140	11/98:	1249
03/97:	2948	12/98:	1126
04197:	739	01/99:	344
05/97:	1507	02/99:	201
06/97:	1156	03/99:	414
		04/99:	380
		05/99:	(587)
		06/99:	3
	TOTAL		33,774

NET SHIPMENTS: CAMPAIGNS IN THE PACIFIC

	30253/		Z30253
10/95:	—	07/97:	129
11/95:	—	08/97:	213
12/95:	—	09/97:	1105
01/96:	—	10/97:	2022
02/96:	125	11/97:	1903
03/96:	256	12/97:	2402
04/96:	183	01/98:	264
05/96:	139	02/98:	10
06/96:	286	03/98:	619
07/96:	267	04/98:	711
08/96:	785	05/98:	51
09/96:	98	06/98:	189
10/96:	1486	07/98:	300
11/96:	2007	08/98:	5
12/96:	2908	09/98:	278
01/97:	1566	10/98:	640
02/97:	813	11/98:	975
03/97:	2809	12/98:	634
04/97:	417	01/99:	538
05/97:	1389	02/99:	366
06/97:	883	03/99:	100
		04/99:	181
		05/99:	(228)
		06/99:	124
TOTAL			29,948

NET SHIPMENTS: GREAT BATTLES OF WWII

	32583/		Z32583
10/95:	—	07/97:	152
11/95:	—	08/97:	178
12/95:	—	09/97:	316
01/96:	—	10/97:	213
02/96:	—	11/97:	1511
03/96:	—	12/97:	1127
04/96:	—	01/98:	117
05/96:	—	02/98:	(19)
06/96:	—	03/98:	143
07/96:	—	04/98:	251
08/96:	—	05/98:	(60)
09/96:	—	06/98:	42
10/96:	—	07/98:	22
11/96:	—	08/98:	24
12/96:	—	09/98:	1375
01/97:	—	10/98:	1600
02/97:	1	11/98:	581
03/97:	4763	12/98:	229
04/97:	179	01/99:	62
05/97:	707	02/99:	190
06/97:	198	03/99:	110
		04/99:	5
		05/99:	(271)
		06/99:	18
TOTAL			13,764

NET SHIPMENTS: WHY WE FIGHT

	34363/	Z34363
10/95:	—	
11/95:	—	
12/95:	—	
01/96:	—	
02/96:	—	
03/96:	—	
04/96:	—	
05/96:	—	
06/96:	—	
07/96:	—	
08/96:	—	
09/96:	—	
10/96	—	
11/96:	—	
12/96:	—	
01/97:	—	
02/97:	—	
03/97:	—	
04/97:	—	
05/97:	—	
06/97:	—	
07/97:	—	
08/97:	—	
09/97:	—	
10/97:	—	
11/97:	—	
12/97:	—	
01/98:		3853
02/98:		205
03/98:		(4)
04/98:		(18)
05/98:		(156)
06/98:		(755)
07/98:		(555)
08/98:		(318)
09/98:		415
10/98:		2084
11/98:		192
12/98:		(6)
01/99:		(361)
02/99:		(104)
03/99:		(45)
04/99:		1
05/99:		(274)
06/99:		(6)
TOTAL		4,148

NET SHIPMENTS: DOCUMENTARIES OF WWII

	35793/	Z35793
10/95:	—	
11/95:	—	
12/95:	—	
01/96:	—	
02/96:	—	
03/96:	—	
04/96:	—	
05/96:	—	
06/96:	—	
07/96:	—	
08/96:	—	
09/96:	—	
10/96:	—	
11/96:	—	
12/96:	—	
01/97:	—	
02/97:	—	
03/97:	—	
04/97:	—	
05/97:	—	
06/97:	—	
07/97:	—	
08/97:	—	
09/97:	—	
10/97:	—	
11/97:	—	
12/97:	—	
01/98:	—	
02/98:	—	
03/98:	—	
04/98:	—	
05/98:	—	
06/98:	—	
07/98:	—	
08/98:		5
09/98:		2825
10/98:		3369
11/98:		1038
12/98:		479
01/99:		(201)
02/99:		(286)
03/99:		301
04/99:		883
05/99:		(609)
06/99:		(45)
TOTAL		7,759

NET SHIPMENTS: WARBIRDS

	31843/		Z31843
10/95:	—	07/97:	791
11/95:	—	08/97:	1397
12/95:	—	09/97:	1978
01/96:	—	10/97:	4781
02/96:	—	11/97:	3741
03/96:	—	12/97:	2373
04/96:	—	01/98:	2735
05/96:	—	02/98:	(39)
06/96:	—	03/98:	630
07/96:	—	04/98:	3899
08/96:	—	05/98:	2233
09/96:	—	06/98:	368
10/96:	1488	07/98:	839
11/96:	2836	08/96:	(1093)
12/96:	2282	09/98:	1751
01/97:	2125	10/98:	6248
02/97:	1491	11/98:	2331
03/97:	7722	12/98:	2849
04/97:	981	01/99:	161
05/97:	2343	02/99:	491
06/97:	1459	03/99:	717
		04/99:	2626
		05/99:	(528)
		06/99:	(99)
TOTAL			63,907

NET SHIPMENTS: TIGERS OF THE SEA

	34443/		Z34443
10/95:	—	07/97:	—
11/95:	—	08/97:	—
12/95:	—	09/97:	—
01/96:	—	10/97:	—
02/96:	—	11/97:	—
03/96:	—	12/97:	—
04/96:	—	01/98:	—
05/96:	—	02/98:	—
06/96:	—	03/98:	—
07/96:	—	04/98:	2323
08/96:	—	05/98:	1435
09/96:	—	06/98:	377
10/96:	—	07/98:	238
11/96:	—	08/98:	(489)
12/96:	—	09/98:	3407
01/97:	—	10/98:	4953
02/97:	—	11/98:	935
03/97:	—	12/98:	986
04/97:	—	01/99:	105
05/97:	—	02/99:	(110)
06/97:	—	03/99:	408
		04/99:	2743
		05/99:	(380)
		06/99:	(83)
TOTAL			16,848

NET SHIPMENTS: WARBIRDS — VOL.2

	35553/		Z35553
10/95:	—	07/97:	—
11/95:	—	08/97:	—
12195:	—	09/97:	—
01/96:	—	10/97:	—
02/96:	—	11/97:	—
03/96:	—	12/97:	—
04/96:	—	01/98:	—
05/96:	—	02/98:	—
06/96:	—	03/98:	—
07/96:	—	04/98:	—
08/96:	—	05/98:	—
09/96:	—	06/98:	369
10/96:	—	07/98:	236
11/96:	—	08/98:	209
12/96:	—	09/98:	3592
01/97:	—	10/98:	185
02/97:	—	11/98:	762
03/97:	—	12/98:	992
04/97:	—	01/99:	183
05/97:	—	02/99:	(10)
06/97:	—	03/99:	365
		04/99:	173
		05/99:	(58)
		06/99:	(192)
TOTAL			6,806

EXCERPTS FROM MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO DEFENDANTS' MOTION FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTER-DEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

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Plaintiffs,

v.

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Defendants.

* * *

MEMORANDUM OF POINTS AND AUTHORITIES IN OPPOSITION TO DEFENDANTS' MOTION FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTER-DEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

Plaintiffs' and Counterdefendants' Cross-Motion

Date: December 6, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

Defendants' Motion

Date: November 22, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

* * *

VI. PLAINTIFFS ARE ENTITLED TO SUMMARY ADJDUDICATION ON THEIR REVERSE PASSING OFF CLAIM UNDER THE LANHAM ACT

Defendants admit that (1) they copied the *Crusade* Series Videos, put on their own credits, and sold the "new" tapes under the substantially similar title *Campaign in Europe* (*see* Sec. II.f., *supra*.) and that the (2) *Campaigns'* credits fail to mention *any* of the plaintiffs or their role in creating or subsequently restoring the *Crusade* Videos, but instead give credit to defendants that they never earned. (*Id.*)[16] Defendants' flagrant and egregious conduct is referred to as "reverse passing off" and is condemned by the Lanham Act.

Section 43(a) of the Lanham Act, 15 U.S.C. §1125(a), provides in pertinent part as follows:

> "(1) *Any person* who, on or in connection with any goods or services . . . uses in commerce any

16. The false and self-aggrandizing nature of defendants' conduct is all the more inappropriate when contrasted with SFM's efforts and actions. When SFM discovered old negatives of the *Crusade* Series and repackaged them for sale, SFM researched and inserted the appropriate credits. (Moger Decl. ¶10.)

> word, term, name, symbol, or device, or any combination thereof, or *any false designation of origin*, false or misleading description of fact, or false or misleading representation of fact, which —
>
> > (A) is likely to cause confusion, or to cause mistake, or to deceive . . . as to the origin . . . of [such person's] goods, services, or commercial activities by another person . . .
>
> shall be liable in a civil action *by any person* who believes that he or she is or is likely to be damaged by such act." (Emphasis added.)

While a violation of Section 43(a) of the Lanham Act is frequently premised on "palming off" or "passing off" — the selling of a good or service of one's own creation under the name or mark of another, it is well recognized that this provision has broader application and encompasses economic practices that are "economically equivalent" to palming off. *Smith v. Montoro*, 648 F.2d 602, 605 (9th Cir. 1981). In *Smith*, the seminal Ninth Circuit decision in this area, the Court held that such practices include "reverse passing off," a form of false advertising described as conduct in which one takes "another party's product and sells that product under a name chosen by the wrongdoer," rather than under the name of those persons or entities that earned the designation. *Id.* Reverse palming off is condemned because it misappropriates another's work and deprives the originator of the misidentified product from receiving the goodwill associated with it. *Id.* at 607.

To establish a Section 43(a) claim for reverse passing off, the Ninth Circuit applies the "bodily appropriation" test to determine whether a sufficient amount of another's work was copied or used without giving proper credit. "Bodily

appropriation" is defined as the "copying or unauthorized use of substantially the entire item." *Cleary v. News Corp.*, 30 F.3d 1255, 1261, 1262 n. 4 (9th Cir. 1994). Defendants' wholesale copying of the *Crusade* Series in making *Campaigns* easily meets the "bodily appropriation" test. Defendants admit they copied the *entire* original footage, narration and music, and made only minor modifications (such as redoing the opening titles). (Tarter 44:11-46:14, 49:8-11, 52:15-56:22, 66:6-67:17, 76:21-82:10; Andersen 132:3-10, 195:19-24, 298:21-299:7.) Such insubstantial changes are insufficient as a matter of law to avoid liability. *Cleary*, 30 F.3d at 1261-62 ("slightly modified" product still basis for Section 43(a) claim).

Defendants incorrectly assert that because Time is listed as author of the *Crusade* Series in the copyright registration, only Time has standing under the Lanham Act to sue for defendants' use of the *Crusade* Series and Videos. (Def's Mot. At 2:25-3:2.) Aside from the fact that defendants offer *no* authority for this proposition, standing under the Lanham Act extends to any party that "has a reasonable interest to be protected against false advertising." *Lamothe v. Atlantic Recording Corp.*, 847 F.2d 1403, 1405 (9th Cir. 1988). In fact, Section 43(a) has been applied to various instances of false credits in motion pictures and in other entertainment products, including claims brought by non-authors. For example, the Ninth Circuit has upheld such a claim by an actor against those who removed his name from film credits and substituted a different name. *Smith*, 648 F.2d at 603, 607-608. Thus, the Lanham Act has been applied to a myriad of factual situations.[17] This is in keeping with the statute

17. *See, e.g., Lamothe*, 847 F.2d at 1405-1408 (musical composers could assert Lanham Act claim against co-authors for failing to give plaintiffs credit for co-writing songs); *Waits v. Frito-Lay, Inc.*, 978 F.2d 1093 (9th Cir. 1992), *cert. denied*, 506 U.S. 1080 (1993) (standing of singer under Lanham Act for claim based on defendant's imitating of plaintiff in commercial).

itself, which states: "*Any person* who shall affix, apply, or annex, or use in connection with any goods or services a false designation of origin . . . shall be liable to a civil action *by any person* who believes that he is or is likely to be damaged by the use of any such false designation or representation." 15 U.S.C. §1125(a) (emphasis added).

Here, each plaintiff contributed to the creation of, and/or has a financial interest in, the *Crusade* Videos that defendants pirated.[18] *All* the plaintiffs have a stake in revenues from sales of the *Crusade* Videos, and Fox and SFM also have an interest in the television rights to the *Crusade* Series for markets other than home video. (Moger Decl. Exh. B at p. 1; Exh. C at pp. 1-3; Exh. D at pp. 1-2; Reed Decl. ¶13, Exh. E at p. 1.) As a royalty interest that is damaged by false advertising constitutes a valid basis to assert a Section 43(a) claim, *PPX Enterprises, Inc. v. Audiofidelity, Inc.*, 746 F.2d 120, 124-26 (2d Cir. 1984) (parties with pecuniary interest in Hendrix albums may assert Lanham Act claim for false advertising), *each* plaintiff has an interest in the *Crusade* Videos that is protected under the Lanham Act.

Defendants' use of false credits in marketing *Campaigns* has infringed plaintiffs' rights under the Lanham Act. Since each plaintiff is involved in producing and/or distributing films and would benefit in its business from being associated with quality films, each has lost valuable goodwill. Defendants contend that there is no goodwill to lose because

18. Put briefly, Fox conceived of the original *Crusade* Series in the late 1940's, contracted with Doubleday for rights to the Book and with Time to produce the Series, financed the production of the 26 episodes, and participated in the creative process. (Feinstein Decl. ¶¶12-15, Exh. A; Reed Decl. ¶¶14-15, Exhs. D and E.) SFM originated the idea of restoring the *Crusade in Europe* Series, spearheaded the effort to find a copy of the tapes, and financed and supervised the restoration and repackaging process. (Moger Decl. ¶¶3-14; Exhs. A-D.) New Line is currently the distributor of the *Crusade in Europe* Videos. (Moger Decl. ¶¶8, 14; Exhs. B, D.) (*See also* Secs. II.f., V, *supra*.)

the *Crusade* Videos are in the public domain; however, this confuses the nature of the Copyright Act and the Lanham Act. Even if the *Crusade* Videos were free to be copied under the Copyright Act — which they are not, as the Book upon which the Videos are based is *not* in the public domain — the Lanham Act does *not* permit defendants to pass off *Campaigns* as their own. *Summit Machine Tool Manufacturing Corp. v. Victor CNC Systems, Inc.*, 7 F.3d 1434, 1438 (9th Cir. 1993) (Lanham Act claims are independent of Copyright Act claims). The right to make reproductions under the Copyright Act is *different* from the right to be protected from false designations of origin under the Lanham Act. Otherwise, the law would permit someone someday to distribute *Gone With The Wind* as a "Dastar Corporation Production," without giving credit to David O. Selznick or MGM, the original producer and distributor.[19]

Thus, defendants' conduct constitutes egregious reverse passing off under Section 43(a). Plaintiffs are entitled to summary adjudication of their Lanham Act claim, and defendants' motions for summary judgment and to dismiss must be denied.

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19. Defendants may claim that they gave plaintiffs sufficient credit because the packaging of *Campaigns* contains the statement "Contains Film Footage from the Previously Released CRUSADE IN EUROPE." However, this statement *only* appeared on at most a tiny fraction of the total units of *Campaigns* sold, and is no longer in use. Straw Decl. (filed under seal) Exh. A (Andersen 352:1-23), Exh. B , Exh.C (Hebert 77:9-81:7), Exh. D at p. 1. Furthermore, this statement does not specifically refer to any of the plaintiffs and incorrectly suggests that only a portion of *Campaigns* was taken from the *Crusade* Videos when, in fact, *Campaigns* is almost entirely a copy of the *Crusade* Videos.

VII. PLAINTIFFS ARE ENTITLED TO SUMMARY ADJUDICATION ON THEIR UNFAIR COMPETITION CLAIM UNDER CALIFORNIA LAW

Defendants' third cause of action is for unfair competition in violation of California Business & Professions Code §17200 *et seq.* and §17500 *et seq.* and of California common law. These statutory provisions impose liability for any "unlawful, unfair, or fraudulent business practice" and for false and misleading statements. Likewise, California common law on unfair competition provides redress for the same misconduct. As shown above, defendants have unfairly and unlawfully competed with plaintiffs by misappropriating plaintiffs' work and goodwill, and deceiving the public concerning the true origins of *Campaigns*. Therefore, defendants have engaged in unfair competition in violation of California statutory and common law, and plaintiffs are entitled to summary adjudication of their state law claims. *Summit Technology, Inc. v. High-Line Medical Instruments, Co.*, 933 F. Supp. 918, 942-43 (C.D. Cal. 1996) (same fraudulent conduct supporting Lanham Act claim also supports state unfair competition claims).

VIII. CONCLUSION

For all the foregoing reasons, defendants' motion for summary judgment and motion to dismiss should be denied, and plaintiffs' and counterdefendants' motion for summary adjudication of issues should be granted.

Dated: November 8, 1999

SETH ARONSON
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PLAINTIFFS' AND COUNTERDEFENDANTS' STATEMENT OF UNCONTROVERTED FACTS AND CONCLUSIONS OF LAW IN SUPPORT OF PLAINTIFFS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 98-7189 DT (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, and NEW LINE HOME VIDEO, INC., a New York corporation,

Plaintiffs,

v.

DASTAR CORPORATION, an Oregon corporation, ENTERTAINMENT DISTRIBUTING, an Oregon corporation, and MARATHON MUSIC & VIDEO, an Oregon corporation,

Defendants.

* * *

PLAINTIFFS' AND COUNTERDEFENDANTS' STATEMENT OF UNCONTROVERTED FACTS AND CONCLUSIONS OF LAW IN SUPPORT OF PLAINTIFFS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

[Local Rule 7.14.1]

Plaintiffs' and Counterdefendants' Cross-Motion

Date: December 6, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

Defendants' Motion

Date: November 22, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

After consideration of the papers in support of plaintiffs' cross-motion for summary adjudication of issues, and the oral argument of counsel, the Court determines that the following facts have been established as

UNCONTROVERTED FACTS

1. General Eisenhower was appointed commander of U.S. troops in Europe during World War II (the "War"), and later became Supreme Commander of the Allied Expeditionary Forces. (Eisenhower Decl. ¶3.)

2. As a result of his leadership roles, General Eisenhower's perceptions and view of the War were of unique historic importance. (Eisenhower Decl. ¶4.)

3. As early as 1944 and prior to his retirement from the military, General Eisenhower was asked to write his memoirs of his War experiences by book publishers, including LeBaron Barker, Jr., then Editor-in-Chief of Doubleday & Co., a predecessor of Doubleday, a division of Bantam, Doubleday and Dell Publishing Group Inc. ("Doubleday"). (Eisenhower Decl. ¶4; Power Decl. Exh. A.)

4. For years, General Eisenhower refused such offers because he thought that a book about his years in the War

would only exploit the work and sacrifices made by others. General Eisenhower, however, continued to be pursued by publishers who sought to change his mind. (Eisenhower Decl. ¶¶4 and 5; Power Decl. Exh. B.)

5. Douglas Black, President of Doubleday and friend to General Eisenhower, was the most convincing of the publishers and, with the help of William Robinson, Vice President of *The New York Herald Tribune* ("*The Tribune*") (which wanted to serialize excerpts of General Eisenhower's memoirs), persuaded General Eisenhower to write the memoirs. (Eisenhower Decl. ¶5; Vaughan Decl. ¶5.)

6. Although there was no formal, written agreement between Doubleday and *The Tribune*, they had a general understanding that they would work in conjunction with respect to the publishing and serialization of the Book. (Jahss Decl. Exhs. C and D).

7. Black and Robinson urged General Eisenhower to write his memoirs and emphasized to General Eisenhower the historical importance of a book that would chronicle his War years in his own words. (Eisenhower Decl. ¶5; Vaughan Decl. ¶5; Jahss Decl. Exh. A.)

8. When numerous books about the War came out that General Eisenhower believed were inaccurate, Black and Robinson pointed out to General Eisenhower that only he, by writing his memoirs, could set the record straight. (Eisenhower Decl ¶5; Vaughan Decl. ¶5; Jahss Decl. Exh. B.)

9. General Eisenhower finally acceded to Black's urgings and agreed to write his memoirs, *Crusade in Europe* (the "Book"), for Doubleday. (Eisenhower Decl. ¶5.)

10. Black was instrumental in getting General Eisenhower to write the Book. (Eisenhower Decl. ¶¶5 and 11.)

11. The general terms of Doubleday's agreement with *The -Tribune* to publish the Book were memorialized by Ken McCormick, Doubleday's Editor-in-Chief, in a December 23, 1947 letter to Robinson. (Power Decl. Exh. C.)

12. General Eisenhower and Doubleday had a firm arrangement for Doubleday to publish the Book by no later than January 1948. (Eisenhower Decl. ¶5; Jahss Decl. Exh. E.)

13. As early as February 2, 1948, plans were made for General Eisenhower to announce that Doubleday was going to publish his memoirs. (Power Decl. Exh. F.)

14. In May 1948, *The Tribune* disclosed to the public that Doubleday was going to publish the Book and that the *The Tribune* it was going to serialize excerpts from the Book in November of that year. (Jahss Decl. Exh. O.)

15. Because of tax considerations, General Eisenhower's contract with Doubleday was executed in October 1948 (the "Eisenhower/Doubleday contract"), more than six months after Doubleday commissioned General Eisenhower and more than six months after he had written the Book. (Jahss Decl. Exhs. F-K; Power Decl. Exh. D.).

16. In a December 20, 1947 letter to the Treasury Department, General Eisenhower stated that "certain publishers [had] urged [him] to write a personal memoir of the war years" and asked whether the money he earned from such an endeavor would be taxed at the capital gain rate (25%) or as ordinary income (75%). (Jahss Decl. Exhs. F, M.)

17. In letters dated December 22, 1947 and January 7, 1948, the Treasury Department notified General Eisenhower that it would tax his work on the Book at the reduced, long-term capital gain rate, as long as (1) he did not retain *any*

control over the use of the completed manuscript, and (2) his book contract was executed more than six months after he finished the manuscript. (Jahss Decl. Exhs. G, K.)

18. Because General Eisenhower did not finish the Book (*i.e.*, his first draft) until approximately March 24, 1948 (Jahss Decl. Exh. L, N; Power Decl. Exh. E), he could not put his deal with Doubleday in writing until after September 24, 1948 (*i.e.*, more than six months later) in order to get capital gains treatment. (Jahss Decl. Exhs. G, K.)

19. In December 1948, General Eisenhower and the IRS entered into a formal "closing agreement" in which General Eisenhower covenanted that, pursuant to the terms laid out in his prior correspondence with the Treasury Department (described above), he had conveyed to Doubleday "*forever . . . all rights of every nature* pertaining" to the Book. (Jahss Decl. Exh. L.)

20. At the time General Eisenhower agreed to write the Book for Doubleday, most authors did not write books for publishers on a work-for-hire basis. (Vaughan Decl. ¶10.) An author typically received a continuing royalty based on the sales of his or her book and retained an interest in the book's copyright. (Vaughan Decl. ¶10.) In contrast, in a work for hire situation, the publisher retained ownership in the book, without any further obligation to the author beyond payment, usually in the form of a lump sum paid at the outset. (Vaughan Decl. ¶9.)

21. Pursuant to the contract, General Eisenhower received a one-time, lump sum of $635,000 in lieu of ongoing royalties. (Eisenhower Decl. ¶6; Vaughan Decl. ¶¶9-10; Jahss Decl. Exh. L.)

22. Because Doubleday paid General Eisenhower a large sum of money upfront, it bore the entire risk in the event the Book sold poorly. (Vaughan Decl. ¶10.)

23. In return for taking the entire risk of the Book doing poorly, and paying General Eisenhower a substantial amount up front, Doubleday obtained *all* rights in the copyright to the Book on a work-for-hire basis. (Vaughan Decl. ¶10.)

24. The heirs of General Eisenhower have no continuing financial interest in the Book.[1] (Eisenhower Decl. ¶6.)

25. The arrangement between Doubleday and General Eisenhower for his later book *The White House Years* was more traditional: General Eisenhower retained the copyright and participated in the book's earnings by an advance and an ongoing royalty interest. (Vaughn Decl. ¶11.)

26. Consistent with General Eisenhower's retention of the copyright of *The White House Years*, General Eisenhower's son, John Eisenhower, renewed the copyright in 1991. (Vaughn Decl. ¶11, Exh. C.)

27. General Eisenhower had no previous experience as a book author. His writing had been chiefly confined to reports for the Army. (Vaughn Decl. ¶6; Eisenhower Decl. ¶8.)

28. General Eisenhower welcomed Doubleday's assistance and supervision in fashioning a book, especially in light of the pressure he was under to meet a Fall of 1948 deadline. (Vaughn Decl. ¶6; Eisenhower Decl. ¶8.)

29. Once General Eisenhower agreed to Doubleday's request to write the Book, he began working on the manuscript in January 1948, dictating the entirety of his memoirs to secretaries provided and paid for by Doubleday. (Eisenhower Decl. ¶7; Jahss Decl. Exh. P; Power Decl. Exhs. G, H, I.)

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[1] General Eisenhower died in 1969. (Def's Uncontroverted Fact No. 58.)

30. Doubleday, with the help of *The Tribune*, at the outset of the project mobilized an unusual effort involving substantial time, expense and high-level personnel to assist in the fashioning of the Book. (Vaughn Decl. ¶7.)

31. McCormick was responsible for supervising Doubleday's work in connection with the preparation of the Book. (Jahss Decl. Exh. P.) McCormick met with General Eisenhower as early as January 19, 1948, to provide editorial advice and to put together a team of senior editors from Doubleday and *The Tribune* to work with General Eisenhower on the Book, including Joe Barnes (*The Herald Tribune*'s foreign editor), Major Kevin McCann, Frank Price, and others. (Eisenhower Decl. ¶8-9; Vaughan Decl. ¶7; Jahss Decl. Exhs. Q, R; Power Exhs. I, J.)

32. McCormick and Joe Barnes made frequent trips (at least one a week) to Fort Myer in Virginia, where General Eisenhower resided and worked. It was an extremely close working relationship, with General Eisenhower producing the material and McCormick and Barnes providing significant comments and guidance. (Vaughn Decl. ¶7.)

33. The cooperation of General Eisenhower, McCormick and Barnes was very different from the typical editorial arrangement, when only one editor is involved and then generally much later in the process. (Vaughn Dec. ¶7.)

34. The Book had the benefit of an unusual and intense form of cooperation between General Eisenhower and McCormick and Barnes. (Vaughn Decl. ¶7.)

35. As early as January 1948, the Doubleday editorial team received various sections of General Eisenhower's manuscript as they were drafted (Jahss Decl. Exh. S; Power Decl. Exh. G), and provided commentary throughout 1948, prior to publication. (Jahss Decl. Exhs. S-V; Power Decl. Exhs. K-O.)

36. To assist in the editorial process, in January 1948, Doubleday engaged Colonel Arthur Nevins, an Army historian, to fact-check the Book. (Power Decl. Exhs. I, P.)

37. For Doubleday to provide the fact checking would be typical for a work made for hire, but would have been highly unusual in the ordinary, author-publisher arrangement, where the author retains the copyright. (Vaughn Decl. ¶8.)

38. In March 1948, Doubleday further arranged (and paid) for Rafael Palacios to create the Book's maps (Power Decl. Exhs. I, Q), and later that year, for renowned photographer Edward Steichen of the Museum of Modern Art to select the Book's photographs (Power Decl. Exh. R). Doubleday also paid for various other expenses incurred in connection with the editorial work done on the Book. (Vaughan Decl. ¶8; Power Decl. Exh. S.)

39. Doubleday also worked on the promotion and manufacture of the Book long before the Eisenhower/ Doubleday contract was executed and the Book was published. For example, as early as January 26, 1948, Doubleday developed specs concerning the Book's price, size, and publication date. (Power Decl. Exh. T). And as early as January 20, 1948, Doubleday and *The Tribune*, with General Eisenhower's cooperation, worked on a complex marketing and sales plan for the Book. (Jahss Decl. Exh. W; Power Decl. Exhs. U, V, Z.)

40. Doubleday published the Book on November 22, 1948, with the first of 30 excerpts appearing in the November 7, 1948 edition of *The Tribune*. (Jahss Decl. Exh. Y; Power Decl. Exhs. I, W.)

41. General Eisenhower was pleased with the Book (Eisenhower Decl. ¶10; Jahss Decl. Exh. X.), which turned out to be both a critical and commercial success. (Eisenhower Decl. ¶11; Vaughan Decl. ¶13; Power Decl. Exhs. X, Y.)

42. In 1948, Doubleday obtained certificates of registration for the copyrights to the Book and *The Tribune* excerpts, listing itself as the copyright claimant. (Jahss Decl. Exhs. Z, AA.) Doubleday timely renewed those copyrights in 1975 as the "proprietor of copyright in a work made for hire." (Jahss Decl. Exhs. BB, CC.)

43. Because General Eisenhower's manuscript was commissioned by and sold outright to Doubleday, his son John, as executor of General Eisenhower's estate, never believed that he or his father's other heirs had any ownership interest in the renewal copyright for the Book. (Eisenhower Decl. ¶12.)

44. Consequently, General Eisenhower's heirs never sought to renew the Book's copyright because they believed it was Doubleday's prerogative, as owner of all rights to the Book, to do so. (Eisenhower Decl. ¶12.)

45. Until this litigation, no one – including the Eisenhower estate – has ever challenged the validity of Doubleday's renewal copyrights to the Book and *The Tribune* excerpts. (Vaughan Decl. ¶12.)

46. By agreement dated November 20, 1948, Doubleday granted to Twentieth Century Fox Television Productions, Inc. (the "Fox Division") the sole and exclusive television rights in the Book. (Reed Decl. ¶14, Exh. D.)

47. Peter Levathes, Vice President of Twentieth Century Fox Film Corporation in the late 1940s arranged for and oversaw the production of the television series to be made from the Book (the "*Crusade in Europe* Series"). (Feinstein Decl. ¶12.) Levathes, on behalf of Fox Division, negotiated an agreement (the "Fox/Time agreement") with Time, Incorporated's *March of Time* news unit ("Time"), to produce the *Crusade in Europe* Series. (Reed Decl. ¶15, Exh. E)

48. Levathes did not intend the Series to be simply another piece on the War; he conceived it as a documentary on *General Eisenhower's story* as told by the General. (Feinstein Decl. ¶10.)

49. Levathes informed Time during the negotiations with Time to produce the *Crusade in Europe* Series had to be faithful to the Book and had to convey General's Eisenhower's view of the War as captured in the Book. (Feinstein Decl. ¶13.)

50. The Fox/Time agreement provides that the *Crusade in Europe* Series must be based upon or illustrating the work entitled "CRUSADE IN EUROPE" by Dwight E. Eisenhower. (Reed Decl. ¶15, Exh. E at par. 1(a).)

51. The Fox/Time agreement gave the Fox Division and Doubleday the right to review the script and film for individual episodes and Time agreed to eliminate any portion of the script and any original photography that was determined to adversely affect General Eisenhower's reputation. (Reed Decl. ¶15, Exh. E at par. 1(b)-(d).)

52. Creating the *Crusade in Europe* Series was a major project that involved not only developing scripts for more than two dozen separate one-half hour episodes, but also selecting and assembling footage, preparing connecting materials, doing a narration, and deciding on and incorporating music. (Feinstein Decl. ¶5.)

53. Levathes worked closely with Time on the adaptation of the Book into a television series and on the creation of the 26 individual episodes of the *Crusade in Europe* Series. Levathes reviewed and commented on the scripts and the pictures and oversaw other aspects of the production process. The final work was the result of a close collaboration between the Fox Division and Time. (Feinstein Decl. ¶5.)

54. Ultimately, the *Crusade in Europe* Series was very closely based on and illustrated the Book. (Feinstein Decl. ¶16.)

55. The *Crusade in Europe* Series followed the Book's structure, format and content. (Feinstein Decl. ¶16; Reed Decl. ¶7-12.)

56. The *Crusade in Europe* Series selected and produced footage that captured the images described in the Book. (Feinstein Decl. ¶16.)

57. The *Crusade in Europe* Series conveyed General Eisenhower's perspective on the War as articulated in the Book. (Feinstein Decl. ¶11.)

58. The Fox Division reacquired the television rights in the Book from Doubleday for a period of seven years through a July 12, 1988 agreement (the "1988 Doubleday/ Fox agreement"). (Reed Decl.¶16, Exh. F.)

59. When Fox reacquired the television rights in the Book pursuant to the 1988 Doubleday/Fox agreement, Fox also acquired the exclusive right to distribute the *Crusade in Europe* Series on *video*, and to license and sublicense others to do the same. (Reed Decl. ¶16, Exh. F).

60. On March 11, 1993, the 1988 Doubleday/Fox agreement was amended to extend the term of the Fox Division's exclusive license to fourteen years. (Reed Decl. ¶17, Exh. G.) This amendment was recorded with the U.S. Copyright Office on February 13, 1996. (Reed Decl. ¶17.)

61. By agreement dated June 22, 1988 (the "Fox/SFM agreement"), the Fox Division granted to SFM Entertainment LLC ("SFM") for a period of seven years, the right to act as its exclusive sales agent and distributor of the *Crusade in Europe* Series in all media, including video, and to license

and sublicense any parties to do the same. (Moger Decl. Exh. C.) The term of the Fox/SFM agreement, which was recorded with the U.S. Copyright Office on February 13, 1996, was automatically as extended to fourteen years upon the March 11, 1993 amendment of the 1988 Doubleday/Fox agreement. (Moger Decl. Exh. C.)

62. By agreement dated July 27, 1984 (hereinafter the "SFM/New Line agreement"), which was amended on October 27, 1986, May 12, 1987, and December 15, 1991, SFM granted to Embassy Home Entertainment ("EHE"), and thus to New Line Home Video, Inc. ("New Line"), as EHE's successor in interest, an exclusive license to distribute the *Crusade in Europe* Series on video. (Moger Decl. Exhs. B and D.)

63. In 1980, SFM entered into an agreement with Time-Life Television, a division of Time-Life Films Inc., to purchase its *March of Time* library, which was to have included the *Crusade in Europe* Series. (Moger Decl. ¶¶ 4 and 6.)

64. In 1981 or 1982, SFM learned that the negatives of the *Crusade in Europe* Series were missing from the *March of Time* library. (Moger Decl. ¶¶6 and 7.)

65. After an extensive search spanning five or six years, SFM located and purchased the tapes and began restoring the *Crusade in Europe* Series so it could be repackaged for distribution on video. (Moger Decl. ¶¶9 and 10.)

66. The copies of the tapes of the *Crusade in Europe* Series were scratched and damaged. (Moger Decl. ¶10.)

67. Because the negatives were old and in rough condition, SFM sent them to a special laboratory to be restored. (Moger Decl. ¶10.)

68. The negatives for the titles and credits were missing, so a new set was prepared in 1989 to match a written list of the original titles and credits. (Moger Decl. ¶10.)

69. SFM incurred significant expense in preparing the new titles and credits to match the classic appearance of the rest of the Series. (Moger Decl. ¶10.)

70. Resurrecting the *Crusade in Europe* Series also involved fixing the soundtrack and standardizing the opening sequences of the individual 26 episodes. (Moger Decl. ¶10.)

71. The total cost of restoring the *Crusade in Europe* Series was approximately $75,000. (Moger Decl. ¶10.)

72. In conjunction with New Line, SFM had the tapes repackaged as videos (the "*Crusade in Europe* Videos" or "Videos"). The *Crusade in Europe* Videos were a direct reproduction of the *Crusade in Europe* Series. (Moger Decl.¶13.)

73. The credits for the Videos gave clear credit to the actual creators of the *Crusade in Europe* Series and the Videos. For instance, credit is given to "New Line Home Video," "A March of Time Production By Arrangement with 20th Century Fox," "Eisenhower's Crusade in Europe Based on the Book by Dwight D. Eisenhower" and "SFM." (Moger Decl. ¶14.)

74. In 1993, pursuant to the 1988 Doubleday/Fox, Fox/SFM and SFM/New Line agreements, New Line first distributed the *Crusade in Europe* Series in a six-part series of videocassettes under the title *Crusade in Europe*. (Moger Decl. ¶14; Not. of Lodging Exh. A.)

75. The packaging of each *Crusade in Europe* video displays the following notice: "The Exclusive Picturization of General Dwight D. Eisenhower's book CRUSADE IN

EUROPE published by Doubleday & Company Inc. © 1948 Doubleday & Company Inc." (Not. of Lodging Exh. A.)

76. New Line, as EHE's successor in interest, continues to offer *Crusade in Europe* videos for sale today. (Moger Decl. ¶¶13-14.)

77. Dastar first began producing videos in 1995. (Andersen 43:21 – 44:2.)

78. In April 1995, Lanny Tarter, a former freelance video producer who became Dastar's director of video acquisitions in September 1995, and Norman Andersen, President of Dastar, spoke about expanding Dastar's product line, which had been exclusively music CDs, into video. (Tarter 30:8-23, 41:4-7; 43:1-9; Andersen 69:10-19.)

79. In looking for a first project to release on video, Tarter and Andersen spoke about the *Crusade in Europe* Series, which they both remembered watching when they were growing up. (Tarter 31:20 – 32:9; Andersen 66:22 – 67:1.)

80. Tarter and Andersen thought a video using the *Crusade in Europe* Series would sell well because Tarter previously had produced various successful war videos, and 1995 marked the 50th anniversary of the end of World War II. (Tarter 34:8-24; Andersen 72:9-24.)

81. The first video that Dastar produced was *Campaigns in Europe*. (Andersen 44:12-16, 70:16-20.)

82. As Dastar's director of video acquisitions, Tarter is generally in charge of acquiring and producing Dastar's video product. (Tarter 41:8-14.)

83. To create *Campaigns in Europe*, Tarter purchased eight beta cam tapes of the *Crusade in Europe* Series of

sufficient quality so as to be able to reproduce them *en masse*. (Tarter 44:11 – 46:14; Andersen 298:21 – 299:7.)

84. To make *Campaigns in Europe*, Tarter copied the *Crusade in Europe* Series in its entirety, making only the following changes: (a) with the assistance of a studio called L.A. Videograms, Tarter substituted a new opening title sequence, credit page and final closing for the original versions that appeared in the *Crusade in Europe* Series; (b) Tarter substituted 26 new chapter-title sequences that corresponded precisely to the original 26 chapter-title sequences of the *Crusade in Europe* Series and subsequent videos (Tarter 52:12 – 55:2); (c) Tarter deleted any reference to the Book, including images of the Book that had appeared at the beginning of each of the 26 chapters of the *Crusade in Europe* Series (Tarter 55:19-56:22 and 76:24 – 77:13); and (d) Tarter moved the *Crusade in Europe* Series' "recap" to the beginning of *Campaigns in Europe*, and retitled it as a "preview." (Tarter 76:21 – 77:5.)

85. Other that what is listed above, in Uncontroverted Fact paragraph 84, Tarter did not do anything else to remove or alter any aspect of the *Crusade in Europe* Series in making *Campaigns in Europe*. (Tarter, 76:24 – 77:19; 82:4-10.)

86. The footage from the *Crusade in Europe* Series that was copied to create *Campaigns in Europe* thus contains the original narration from the *Crusade in Europe* Series that was taken from the Book. (Tarter 80:8-20.)

87. With the exception of the opening title sequence, chapter-heading sequences, credit page, and final closing of *Campaigns in Europe*, the entirety of the seven hours of *Campaigns in Europe* is taken from the *Crusade in Europe* Series. (Andersen 194:1-8.)

88. *Campaigns in Europe* was released in October 1995. (Andersen 44:12-16, 70:16-20.)

89. *Campaigns in Europe* contains text taken from the Book. There are 853 sentences (including both complete sentences and parts of sentences) in the Book that appear in *Campaigns in Europe*; 244 pages of the Book, or 51.2% (out of a total of 477 pages of the Book), that contain text directly copied or very closely paraphrased in *Campaigns in Europe*; 2,211 lines of text in the Book, or 11.6% (out of a total of approximately 19,000 lines of text in the Book) that contain text directly copied or very closely paraphrased in *Campaigns in Europe*. (Reed Decl. ¶5.)

90. The text that *Campaigns in Europe* copied from the Book generally consists of General Eisenhower's own thoughts and expressions about the War, and not merely bare historical facts. (Reed Decl. ¶6.)

91. The Book and *Campaigns in Europe* follow the same structure, format, content, sequencing, and tone (Reed Decl. ¶7.)

92. Both the Book and *Campaigns in Europe* are organized around the same six subjects: (1) the build-up of United States armed forces before World War II and the entry of the U.S. into the War; (2) the Allied campaign in North Africa; (3) the Allied campaign in Italy; (4) the Allied campaigns in France and Germany leading to victory in Europe; (5) the involvement of Russia in the War in Europe; and (6) the post-War period. (Reed Decl. ¶7.)

93. The Book, which is not simply a chronological history of the War, moves back and forth in time as it addresses different Allied operations, different battles, selected historical figures known to General Eisenhower, and other events and subjects. (Reed Decl. ¶8.)

94. Following the same format as the Book, *Campaigns in Europe* also moves back and forth in time between such events and subjects and is not a purely chronological account of the War. (Reed Decl. ¶8.)

95. The Book tells of General Eisenhower's personal and unique story of World War II and is organized around his personal experiences and perspectives, the issues and decisions he faced, and the persons with whom he had contact or who he believed had a profound influence on events. (Reed Decl. ¶9.)

96. Although in a truncated form, *Campaigns in Europe* repeats General Eisenhower's personal story, following the same circuitous route as the Book and adopting the same tone. (Reed Decl. ¶9.)

97. The sequencing of the topics in the Book is roughly the same as that in *Campaigns in Europe*; many of the same topics are juxtaposed and recounted in the same order, and the overall presentation of the War is the same. (Reed Decl. ¶10, Exh. C.)

98. While the Book depicts many famous moments of the War such as the D-Day Invasion, the Book also depicts much less well known events that General Eisenhower decided to include. Such less conspicuous events described in the Book are, however, reproduced in *Campaigns in Europe*, both in the narration *and* in the War footage selected to illustrate it. As examples, the Book tells the story of the construction of the "Mulberry" harbors off the coast of France and the destruction of one of those harbors in a hurricane;. the Book discusses the training of the U.S. troops, and General Eisenhower focuses on certain troop maneuvers that were held in Louisiana in September 1941; the Book touches on such less notable events as the death of Admiral Darlen, a French officer who was involved in conflicts in North Africa. Although presenting the War through visuals, *Campaigns in Europe* relies on all these same topics — the "Mulberry" harbors, the Louisiana troop maneuvers in 1941, and Admiral Darlen's death — and on many other less prominent topics discussed in the Book. (Reed Decl. ¶11.)

99. In addition to the voluminous copying of much of the literal text of the Book in *Campaigns in Europe*, the visual images that are shown in *Campaigns in Europe* similarly mirror the many choices that General Eisenhower made in organizing his Book and in deciding what aspects of his War experiences to emphasize and how. (Reed Decl. ¶12.)

100. The credits for *Campaigns in Europe* identify Andersen as executive producer, Barbara Kaye (Tarter's former assistant) as *associate* producer, and Tarter as producer. (Tarter 49:8-11, 66:6 – 67:17; Not. of Lodging Exh. B.)

101. Dastar deleted all references to the fact that *Campaigns* was based on the Book and all of the other credits that appeared in the *Crusade in Europe* Series. (Andersen 132:3-10, 195:19-24.)

102. There are no credits in the *Campaigns in Europe* Series that would inform viewers that it was taken from the *Crusade in Europe* Series. (Tarter 75:18 – 76:4; Not. of Lodging Exh. B.)

103. There is nothing on the packaging for *Campaigns in Europe* that gives credit to General Eisenhower or any of the plaintiffs concerning the content of *Campaigns in Europe*; the only entities given credit are Dastar and Marathon Music & Video (d.b.a. of Dastar). (Tarter 176:8 – 177:11; Andersen 189:24 – 191:10, 198:18 – 199:4; Answer to Complaint ¶ 10.)

104. Dastar released a new version of *Campaigns in Europe*, in which the only change in content was the addition of "wrap-around" segments narrated by Oregon radio personality Dale Reed that appear at the beginning of each tape, lasting approximately 2 to 3 minutes each. (Tarter 114:19 – 115:7, 118:21 – 120:12; Not. of Lodging Exh B.)

105. Both Tarter and Andersen were aware at the time they originally saw the *Crusade in Europe* Series, and in 1995 when they decided to copy it, that the Series was based on the Book. (Tarter 32:18 – 33:11; Andersen 67:2 – 68:18.)

106. Tarter did some research and concluded that the *Crusade in Europe* series was in the public domain. (Tarter 39:4-21).)

107. Neither Tarter nor Andersen conducted an investigation concerning the copyright status of the Book in 1995, or at any other time prior to the commencement of this litigation. (Tarter 39:4-21; Andersen 72:-5.)

108. No one at Dastar consulted with a lawyer to determine whether the release of *Campaigns in Europe* would infringe anyone's rights. (Andersen 70:5-25.)

109. Sometime after July 15, 1997, Marathon received a letter from plaintiffs requesting, among other things, that Marathon (1) immediately cease and desist from distributing *Campaigns in Europe*, (2) surrender all copies of *Campaigns in Europe* and account for all of its sales; and (3) inform plaintiffs of the means that Marathon obtained copies of the materials used in *Campaigns in Europe*. (Andersen 375:9 – 376:7; Jahss Decl. Exh. EE.)

110. Marathon did not comply with plaintiffs' cease and desist requests, nor did it consult with an attorney concerning the contents of plaintiffs' July 15, 1997 letter (even though it later stated to plaintiffs that did). (Andersen 379:19 – 381:1, 381:20 – 382:3; Jahss Decl. Exh. FF.)

111. On July 29, 1997, EDI (d.b.a. of Dastar) sent a letter responding to plaintiffs July 15, 1997 letter, in which defendants requested that plaintiffs "provide [them] with the appropriate documentation in support of [their] assertion to be the exclusive distributors of the *Crusade in Europe* videos. (Andersen 27:16-21; Jahss Decl. Exh. FF.)

112. On approximately September 17, 1997, plaintiff New Line sent a letter responding to EDI's July 29, 1997 letter, in which New Line stated that it was compiling the documentation that EDI requested, and reiterated plaintiffs' request that EDI provide plaintiffs with information concerning the source of the materials that were used to create *Campaigns in Europe*. (Jahss Decl. Exh. GG.)

113. EDI did not provide plaintiffs with the information that plaintiff New Line requested in its September 17, 1997 letter to EDI. (Andersen 389:2-19.)

114. On December 18, 1997, plaintiffs sent defendants the requested documentation requested in EDI's July 29, 1997 letter establishing plaintiffs' chain of title to the *Crusade in Europe* videos. (Jahss Decl. Exh. HH.)

115. Around the time that plaintiffs filed this lawsuit on September 2, 1998, Dastar asked Eric Kulberg of Universal Media Inc. to perform a copyright search on the Book. (Andersen 402:3 – 403:13.)

116. In a September 22, 1998 letter to Tarter, Kulberg reported that "(i)t appears that Doubleday & Company has a *solid* copyright on this work and will hold it at least until 2023." (emphasis added) (Jahss Decl. Exh. II.) While Kulberg noted in his letter that Fox did not renew the copyrights in the *Crusade in Europe* series, he concluded that "(i)n any case, the underlying literary rights appear to be intact." (Jahss Decl. Exh. II.)

117. Dastar continued to sell *Campaigns in Europe* after receiving Kulberg's September 22, 1999 letter. (Andersen 404:14-18.)

118. Sometime in early 1999, after the lawsuit was filed, Tarter and Andersen discussed doing a "revamped" version of *Campaigns in Europe* with a new soundtrack, new

narration, and new interviews. (Tarter 160:12-23, Andersen 144:8 – 146:10.)

119. In creating the new version of *Campaigns in Europe*, which was scheduled to be completed in October 1999, Tarter and Andersen considered deleting language from the narration of *Campaigns in Europe* that came from the Book. (Tarter 164:15-20; 167:7-10.)

120. In preparing a new narrative for the revamped version of *Campaigns in Europe*, Andersen's son David compared the existing narration to the content of the Book. (Andersen 157:17-20.)

121. The only changes to be made to the revamped version of *Campaigns in Europe* were the incorporation of a new soundtrack, new narration, new music, new special effects and the insertion of new interviews. (Tarter 162:22-163:1.)

Dated: November 8, 1999

SETH ARONSON
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By s/ Neil S. Jahss
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Twentieth Century Fox
Film Corporation,
SFM Entertainment LLC
and New Line Home Video, Inc.

EXHIBITS KK AND LL FROM THE DECLARATION OF NEIL S. JAHSS IN OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTER-DEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 98-7189 DT (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, and NEW LINE HOME VIDEO, INC., a New York corporation,

Plaintiffs,

v.

DASTAR CORPORATION, an Oregon corporation, ENTERTAINMENT DISTRIBUTING, an Oregon corporation, and MARATHON MUSIC & VIDEO, an Oregon corporation,

Defendants.

* * *

DECLARATION OF NEIL S. JAHSS IN OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTER-DEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

Plaintiffs' and Counterdefendants' Cross-Motion

Date: December 6, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

Defendants' Motion

Date: November 22, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

DEPOSITION OF LANNY LEE TARTER
JULY 28, 1999

[Commencing at page 30]

A. I believe it was the name American Stereo.

Q. How long have you known Mr. Andersen?

A. Approximately 25 years.

Q. Do you consider him a friend?

A. Yes.

Q. Did there come a time when you became involved in any video projects on behalf of Dastar Corporation?

A. Yes, there was.

Q. When did that take place?

A. Approximately four years ago.

Q. Was that in approximately 1995?

A. That is correct.

Q. How did that come about?

A. He and I were talking about the possibility of he expanding his company and going from music CDs into video. We talked about prospective product that he could get involved in.

And that's the genesis of the conversation.

Q. Did he first raise the idea with you, or did you suggest the idea to him?

[31] MR. HYMAN: Objection. Assumes facts not in evidence, that either of those were the case.

Go ahead, please.

A. I don't remember where it started.

BY MS. CENDALI:

Q. Did — was Mr. Andersen your primary contact in 1995 at Dastar with regard to video projects?

A. That is correct.

Q. Did Mr. Andersen ask you to do anything on Dastar's behalf at that time?

A. With reference to this particular product?

Q. Well, I'm just trying to get the chronology straight. I understand that you had an initial discussion about whether Dastar was interested in getting involved in the video business.

What happened next in the stage of your working with Dastar with regard to video projects?

A. We both talked about the — a series that we both remembered in our youth called Crusade in Europe. And I looked in my book [32] which we discussed before, and I had noted to him that it appears to be in the public domain. It was not renewed.

And that was the initial conversation about it.

Q. Do you remember seeing the documentary series Crusade in Europe when you were a youth?

A. Yes, I do.

Q. Do you understand that it's based on the book by General Eisenhower, Crusade in Europe?

A. Yes.

MR. HYMAN: If the question is — Objection. Time frame. Is the question does he understand today?

BY MS. CENDALI:

Q. Do you understand today that it was based on General Eisenhower's book?

A. That is correct.

Q. Did you understand that prior to today as well?

A. I believe so, yes.

Q. Did you understand that in 1995?

A. Yes.

[33] Q. Did you understand that Crusade in Europe was based on General Eisenhower's book when you first saw the — saw Crusade in Europe when you were a youth?

A. I believe so, yes.

Q. How did you know that?

A. I believe each show started off with Eisenhower talking about it and then showing a portion of the book. Certainly, the cover of the book had his picture on it, and some paragraphs.

Q. What did you think of the quality of Crusade in Europe?

MR. HYMAN: Objection as to time frame.

Go ahead.

BY MS. CENDALI:

Q. In 1995.

A. In 1995? Well, I'd seen it much earlier — is that what you're referring to? — on television.

Q. Well, let me back up and take it step by step.

A. Please.

Q. Did you first see it on television [34] in the 1950s?

A. That is correct.

Q. At that time did you think it was a high-quality documentary?

A. At the time I — it was black and white, and I was happy to get it with my television set.

Q. Why did you think in 1995 that that might be an interesting project to release on video?

A. Because I had done quite a few war shows, and they seemed to be selling and paying me royalties, so I mentioned that, that war sells.

Q. And did you think that Crusade in Europe was a high-quality documentary that people might like to buy?

A. Well, I — it was a chronological history of World War II, which I was interested in, and that's the angle I was coming at.

Q. Now, you mentioned that you — you referred to your book and that you saw that the copyright had not been renewed, I believe. That is correct?

A. That is correct.

* * *

[39] maybe it may turn out that one of these documents is the copyright search that you were alluding to.

Did you make any inquiries, prior to the release of Campaigns in Europe in 1995, as to the copyright status of General Eisenhower's book, Crusade in Europe?

A. No. I had no knowledge of that.

Q. Prior to the commencement of this lawsuit, which I'll represent to you was commenced in September of 1998, did you or anyone else, to your knowledge, on behalf of Dastar make any inquiries as to the copyright status of General Eisenhower's book, Crusade in Europe?

MR. HYMAN: And again, though he's not here to designate — he's not here designated as that witness, go ahead and — go ahead and answer.

A. I don't remember any — any work being done on the book.

BY MS. CENDALI:

Q. When was the first time, to your knowledge, any work was done investigating the copyright status of General Eisenhower's book?

* * *

[41] Q. Okay. What was your — Strike that. It isn't actually stricken by the fact lawyers say that.

But what is your current title with Dastar Corporation?

A. My current title is director of acquisition — video acquisitions.

Q. What do your responsibilities and duties include?

A. Generally, the — in charge of the video division: acquiring product, supervising production of the product, assisting graphics in product, and turning it over to the sales department.

Q. To whom do you report, if anyone?

A. Norm Andersen.

Q. How many people work in the video unit at Dastar?

A. Between five and seven, depending on what projects are happening.

Q. Does Dastar create any video projects from scratch?

MR. HYMAN: Objection as to ambiguity: "from scratch." Go ahead and answer.

* * *

[43] Q. Just to get the employment situation straight, has your title changed since — at all since the time that you joined Dastar as a full-time employee?

A. No.

Q. Do you recall the date that you joined Dastar?

A. I believe I joined Dastar in September of '95. I think — I believe — yes. And we had — we had a rather long move-in, and I don't think I started to work until October of '95.

Q. Did you join Dastar as a result of the Campaigns in Europe project?

A. No. I joined Dastar because of my reputation as a valid producer and my knowledge of Norm and his knowledge of mine and his plans for video as part of his company.

Q. Let's go back to the creation of Campaigns in Europe. You testified as to your initial conversations with Mr. Andersen.

Could you please describe for me, focusing first on the version of Campaigns in Europe that was initially released in October of 1995, how you generally went about producing [44] Campaigns in Europe.

MR. HYMAN: My objection to the question is with regard to the preamble, "let's go back," and also as to what he testified, as objectionable.

You can go ahead and answer the question.

MS. CENDALI: Let me ask a new question.

BY MS. CENDALI:

Q. Could you please briefly describe for me the general procedure you followed in 1995 in creating Campaigns in Europe.

A. I inquired from my various sources about the availability of the 16-millimeter films on Crusade in Europe.

After getting various answers and various prices, I finally selected somebody who had the product.

Q. Did you —

MR. HYMAN: Did you finish your answer?

THE WITNESS: Yes.

MR. HYMAN: Okay.

BY MS. CENDALI:

[45] Q. Do you recall the name of the entity that had the product?

A. The name of the entity was Ray Atherton, Wavelength Video.

Q. What was it that you purchased from Wavelength Video?

A. He gave me eight beta cam tapes consisting of 25 or 26 episodes. I don't remember exactly.

Q. Episodes of Crusade in Europe.

A. Episodes of the television show. That's correct.

Q. Were these master recordings?

MR. HYMAN: Objection as to the definition of the word "master recording."

BY MS. CENDALI:

Q. Okay. When you stated that you purchased —

MR. HYMAN: As ambiguous and indefinite.

Go ahead, please.

BY MS. CENDALI:

Q. Are you familiar with the term "master recording"?

A. Yes.

[46] Q. What do you understand that term to mean?

A. In this particular case, is the quality sufficient enough to go into production with.

Q. And did you purchase from Wavelength Video copies of Crusade in Europe of sufficient quality as to be able to mass reproduce them?

A. That is correct.

Q. Do you recall approximately how much you paid Wavelength Video for this?

A. I paid Wavelength Video $4500 plus a series of crime scene photographs that I had that he needed for other projects.

Q. When you said that plus the crime scene photos, were those photos that you had in your own personal possession?

A. That is correct, yes.

Q. Did you ask — did Mr. — Excuse me.

Did Wavelength Video give any representations or warranties to you with regard to the copyright status of Crusade in Europe and the ability to reproduce it?

MR. HYMAN: Objection as to the use of the word "warranty" as a legal . . .

* * *

[49] I'll just look on. Go ahead.

Number 5.

BY MS. CENDALI:

Q. Can you identify Plaintiffs' Exhibit 5, Mr. Tarter?

A. Yes. This is a check from EDI to Method Songwriting at my office.

Q. What services did Method Songwriting provide EDI?

A. Method Songwriting is owned by Barbara Kaye, who is my assistant.

And this particular situation was I was going through a personal bankruptcy and I literally had no money, so a check was sent to Barbara's company. She in turn had the ability to cash the check, and she gave me the money I needed to give to Ray.

Q. I see. So Dastar didn't actually purchase the master recordings from Method Songwriting; Method Songwriting was the conduit by which those recordings were purchased from Wavelength Video. Is that right?

MR. HYMAN: Objection as to calls for a legal conclusion.

You can go ahead and testify.

* * *

[52] A. Not officially. I — the $6200 was the gross. I gave him $4500. I probably blew $500 living, and I let Barbara keep a thousand dollars, since I hadn't paid her in three months.

Q. Okay. Now, what, if anything, did you do with the master recordings once you received them from Wavelength — Excuse me. Is it Wavelength or —

A. Wavelength. Wavelength.

Q. Okay.

A. The next step was to go to my video editor, Larry Rosen at L.A. Videograms, where we plotted to put the puzzle together.

Q. What is L.A. Videograms?

A. It is a beta cam video studio on Overland Boulevard in Los Angeles.

Q. What types of services did L.A. Videograms supply to you with regard to the video set that became Campaigns in Europe?

A. L.A. Videograms and myself, we — the first thing we did was to inventory the eight beta cam masters that we

had and made a paper edit where everything was on these particular tapes.

[53] Q. What do you mean by a paper edit?

A. The equipment would — has a readout on it which says where everything was, and we would see where chapter 1 was or a particular chapter we wanted.

And I would make a notation on a separate piece of paper that, at a certain number from X to Y, there is this complete chapter that I would like.

Q. What did you do with these paper edits?

A. I had given the paper edits, complete with other things, to Ray.

MR. HYMAN: Ray whom?

THE WITNESS: Ray Atherton.

BY MS. CENDALI:

Q. Now, Ray is, again, at Wavelength Video?

A. That is correct.

Q. Again, just to go back to understand what L.A. Videograms did, what exactly did they do? Did they edit portions of Crusade in Europe at your direction?

MR. HYMAN: Objection. Compound as to two questions.

[54] Go ahead and answer.

A. At L.A. Videograms we proceeded to create 26 openings, title page openings, for the 26 chapters.

We added photo grabs. We grabbed the photos within the previously discussed film and put them in the title pages. We also put chirons on there which describe the chapter.

We also put it through a special process to give it a Venetian blind look so that the titles would like they're moving.

We subsequently added music and radio shows in addition to other work.

Q. The music and radio shows, was that in relation to the title sequences preceding each of the chapters?

A. That is correct.

Q. And the other work that L.A. Videograms did, that was in helping you create an initial title page for the documentary series? Correct?

A. We created a — well, he did. Created a two-dimensional opening title sequence in color to start the show off.

And then we created, as I said, the [55] 26 different chapters, and then we created a credit page and then a final closing.

Q. Do you recall whether the credit page was created for use in the initial release of Campaigns in Europe?

A. Yes, it was.

Q. So that there were credits in the initial release of Campaigns in Europe?

A. Our credits, that's correct.

Q. And when you say — by "our credits," what do you mean by that?

A. The film that I used had no credits on it at all, so there was nobody that I can give credit to except ourselves.

Q. What do you mean by the fact the film you used had no credits?

A. The sources, the eight beta cam sources.

Q. Am I correct that at the beginning of each chapter sequence in Crusade in Europe, there was an image of General Eisenhower's book Crusade in Europe?

A. As best I remember how each show started, each show started with a push — are you familiar with the term "push": a camera [56] moving in? — on the Statue of Liberty. And then after the Statue of Liberty, I believe it said "Crusade in Europe."

And then after the Crusade in Europe, it had the emblem of the SHAPE headquarters, which was Eisenhower's headquarters, Supreme Headquarters Allied, in Europe.

And then there was the picture of the book and Eisenhower's picture on the book. That's how I remember.

Q. Isn't it true that in addition to Eisenhower's book being depicted in the beginning sequence of Crusade in Europe, his book was also shown at the beginning of each chapter sequence?

A. That is correct.

Q. And am I correct that you elected to delete the images of General Eisenhower's book from the footage you received from Wavelength Video?

A. That is correct.

MR. HYMAN: It's about 12:35, so I'm thinking we would like to take lunch in about five minutes.

* * *

[66] A. I don't believe so.

Q. What was your purpose in creating the credit list?

A. Just to give it an updated — an identity as a finished product.

Q. What do you mean by an identity?

A. Well, all products should have credit rolls on them.

Q. Is it — What did you intend to convey to viewers by these credits?

A. I never thought about the viewer. I just thought it should be a finished package which should have credits.

Q. What do you believe this credit list communicates to viewers?

MR. HYMAN: Objection. Assumes he has a belief the credit list communicates something to viewers and also, to some extent, argumentative. The prior question was "What did you intend to convey to viewers?" The witness said he never thought about the viewers or thought about that.

So it's been asked and answered. Objection: Argumentative, assumes facts not in evidence.

[67] Go ahead and answer if you're able.

A. I have no idea what the viewer was thinking.

BY MS. CENDALI:

Q. What does it mean to you?

A. Personally speaking?

Q. Yes.

A. That these people are involved in the production of this product and they're taking credit for it.

Q. And the individual — the individuals listed are Norman Andersen, executive producer; Barbara Kaye, associate producer; and yourself as producer. Is that correct?

A. Yes.

MR. HYMAN: Objection. Exhibit No. 6 is the best evidence of what it does state.

BY MS. CENDALI:

Q. What — why was Mr. Andersen given the title executive producer?

A. Well, in Hollywood, quite frankly, the people who put up the money are the . . .

* * *

[69] . . . producer's role is.

Q. It states, "Special thanks to the U.S. National Archives." Do you see that?

A. Yes, I do.

Q. What was that special thanks for?

A. All the — Most of the footage that I had seen in this film came from the National Archives, so I thought they deserved credit.

Q. The footage that you're referring to is footage that appeared in Crusade in Europe?

A. That is correct.

Q. Am I correct that there — other than the wrap-around narration that was later added by using the radio personality Dale Reed, all the footage came from Crusade in Europe?

A. All the war footage, yes.

Q. What footage did not come from Crusade in Europe?

A. Well, certainly, the two-degree animation that we created did not come from Crusade in Europe, and the credits did not come from Crusade in Europe.

And the music and the radio shows that we used on those opening chapters did not come from Crusade in Europe.

[70] Q. Okay. So the opening title sequence and credits that you added did not come from Crusade in Europe?

A. That is correct.

Q. And the chapter heading sequences that you added did not come from Crusade in Europe?

A. That is correct.

Q. But everything else came from Crusade in Europe?

A. The —

MR. HYMAN: Objection. Argumentative and misstates the witness's testimony.

You can answer.

A. The war footage that I recognized came from Crusade in Europe.

BY MS. CENDALI:

Q. Well, what else was there that came from you other than the war footage?

A. Can you restate that? What else?

Q. Okay. You testified — The second-degree animation that you talked about, that was part of the opening credits? Correct?

A. Two — That is correct: Two-D [71] animation.

Q. Two-D animation. That was part of the opening credits?

A. That is correct.

Q. And that was supplied by you?

A. That's correct.

Q. And the chapter credits were — sequences were supplied by Dastar?

A. That is correct.

Q. And in connection with the chapter credits, there were some music and radio shows?

A. That is correct.

Q. And that was also supplied by Dastar. Correct?

A. Myself and L.A. Videograms.

Q. Okay. But everything else in the content of the videos was derived from Crusade in Europe. Correct?

A. That's correct.

Q. How long, approximately, is — Is Campaigns in Europe a seven-volume video set?

A. That is correct, yes.

Q. Approximately how many hours is the Campaigns in Europe set?

A. Campaigns in Europe is about seven . . .

* * *

[75] MR. HYMAN: Hold on a second. What information — Would you read the question back, please.

(The pending question was read.)

MR. HYMAN: Objection as to ambiguous as to "original source for the footage" as indefinite and ambiguous and also — also calls for — may call for speculation; lack of foundation as to what people would think when they saw it.

Go ahead, please.

A. Quite frankly, I don't — I've never seen the list before. I don't know what people would think if they don't see the list. I don't know.

BY MS. CENDALI:

Q. I'm not asking you about Plaintiffs' Exhibit 8 right now. What I'm asking is whether there is anything in Dastar's product Campaigns in Europe that contains any information that would tell viewers that the video set was derived from Crusade in Europe.

MR. HYMAN: Objection. Assumes facts not in evidence and calls for speculation [76] on the part of the witness.

You can answer.

A. I don't believe there's anything that contributes to that.

BY MS. CENDALI:

Q. Did Dastar make a conscious decision to not reference Crusade in Europe in creating Campaigns in Europe?

A. I can't speak for Dastar but — I'm not really sure where you want me to go with that.

Q. Well, just speaking for yourself, can you answer the question?

MR. HYMAN: Objection. Objection as to the question "just speaking for yourself, can you answer the question" as not a question. It — so I object to the question.

MS. CENDALI: Can you have the last two questions read back.

(The record was read.)

MS. CENDALI: And the next question? All right. I'll ask the question.

BY MS. CENDALI:

Q. Did you, in producing Campaigns in Europe, make a conscious decision to not [77] reference Crusade in Europe in producing the package?

A. No. The only conscious decision we made that I can recall was to make it a story of World War II rather than an Eisenhower story.

Q. And how did you do that?

A. By removing all the references to the book in question.

Q. When you say removing the references to the book in question, that's deleting the images of the book in the beginning and before the chapter titles. Correct?

A. That is correct.

Q. Did you do anything to remove content from the book from the narration for Crusade in Europe?

MR. HYMAN: Objections — no. Go ahead and answer. Withdraw the objection.

A. Not that I remember.

BY MS. CENDALI:

Q. Did you — In creating Campaigns in Europe, did you change any of the narration to the videotaped images?

A. The only thing we did —

MR. HYMAN: Just a second. You . . .

* * *

[80] A. The only thing we did, we removed narration. We didn't add any narration.

BY MS. CENDALI:

Q. When you removed narration, did you also remove the video images that accompanied that narration?

A. That is correct.

Q. But all the footage from Crusade in Europe that was included in Campaigns in Europe contains the original narration from Crusade in Europe?

A. That is correct.

Q. And am I also correct that all the footage from Crusade in Europe that was used in Campaigns in Europe uses the original music from Crusade in Europe?

A. I believe that is correct, too, except for the parts that we inserted.

Q. And the parts you inserted were the chapter sequences?

A. And the credits and title sequence.

Q. And the music that — Just to clarify: The music that you added was synchronized in connection with your — the chapter segments that you added and was not used

* * *

[82] Q. And you selected music of your own to accompany those images. Is that correct?

A. That is correct.

Q. Other than changing the recap — or one of the recaps that had appeared at the end of Crusade in Europe and moving it to the beginning of Campaigns in Europe, did you make any other changes to the sequence of the order of the footage in Crusade in Europe?

A. No.

Q. Did Dastar go to any news archives to obtain footage other than in connection with the chapter sequences?

A. Did Dastar?

Q. Or you yourself.

A. No, I didn't.

Q. I'd like to show you what has previously been marked as Plaintiffs' Exhibit 3, a video cassette box of six video tapes titled Dwight D. Eisenhower's Crusade in Europe and ask you, sir, if you've seen it before.

A. I've seen it with my lawyer. He showed it to me as part of evidence.

Q. I take it that was after this lawsuit was filed?

* * *

[114] . . . counsel as to why that sticker was added?

A. No.

Q. What does that language mean to you, if anything?

MR. HYMAN: Objection as to relevance.

Go ahead and answer.

A. I don't know. I never thought of it.

BY MS. CENDALI:

Q. Okay. After — am I correct that Campaigns in Europe was initially released by Dastar in or about October of '95?

A. I don't know when the release dates took place.

Q. Okay. I'll represent to you that that's what Mr. Andersen testified.

A. All right.

Q. What changes, if any, were made to the content of the video tapes themselves from the version of Campaigns in Europe that was originally released?

A. The subsequent revised masters you're referring to contained the wrap-around which we previously discussed.

[115] Q. So to date, am I correct that the only additional change from Campaigns in Europe, in the form it was originally released, was the inclusion of the wrap-around commentary by Dale Reed?

A. That is correct, except for our plans to redo it again.

Q. Let's turn first to Mr. Reed. I'd like to show you what's previously been marked as Plaintiffs' Exhibit 23.

MR. HYMAN: Just a second, please. Just give me one second, please.

MS. CENDALI: Sure.

MR. HYMAN: Okay. Go ahead.

THE WITNESS: I'm with you.

BY MS. CENDALI:

Q. Had you ever seen all or part of Plaintiffs' Exhibit 23 before?

A. I've certainly seen the content of it. The front letter I haven't.

Q. The front letter appears to be a letter from Jennifer Nolte to Dale Reed dated August 14th, '96. Is that right?

A. That is correct.

Q. With regard to the content, what do

[118] . . . of funny that the video producer is the one that's having the problem with the equipment.

THE VIDEOGRAPHER: Could I help with that?

THE WITNESS: That's okay. See, we on location use tape. Right here there would be a piece of tape, gaffer tape. Thank you.

MS. CENDALI: Would you mind reading back my last question. I lost my place.

(The pending question was read.)

BY MS. CENDALI:

Q. When you wrote the copy, Mr. Tarter, what message were you trying to convey to viewers?

A. I was trying to have the narrator say an overview of what the production was all about and kind of come across as an authoritative figure. And that's basically the message.

Q. Now, am I correct that the — Turn to page 1021, the first page after the cover letter in Exhibit 23.

A. Mm-hmm.

Q. There is a long paragraph that takes [119] up the entire page 1021 and ends at the top of page 1022. Do you see that?

A. Yes.

Q. Is that an introduction that Mr. Reed reads at the beginning of each volume of Campaigns in Europe?

A. That is correct.

Q. So each of the section volumes starts with him reading this same lengthy paragraph?

A. That is correct.

Q. And then am I correct that the subsequent paragraphs that appear on Exhibit 23 that each start with Volume 1, Volume 2, Volume 3, Volume 4, et cetera, is the narration — excuse me — is the introduction that Mr. Reed reads specifically with regard to individual volumes in Campaigns in Europe?

A. That is correct.

Q. So there isn't a single place at the beginning of Campaigns in Europe, for example, where the entire content of Mr. Reed's introduction would be read all in one place? Is that right?

A. Referring to the total script being [120] read at one time?

Q. Yes.

A. No. It's broken up into segments based on the volumes.

Q. And there's essentially a paragraph for each volume of the video cassette with a longer introductory paragraph that appears in each volume? Is that right?

MR. HYMAN: Objection: Asked and answered.

You can answer again.

A. Yes, that is correct.

BY MS. CENDALI:

Q. Thank you.

MR. HYMAN: Can we take a break in a couple minutes to make some calls?

MS. CENDALI: That's fine.

MR. HYMAN: So if you're . . .

MS. CENDALI: We'll break in a couple of minutes. Let's just go for a couple more minutes if we can.

MR. HYMAN: Are you finished with this line right now?

MS. CENDALI: If you'd like to take a break now, we can do so. Is that all

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[160] Q. What is his position at the company, if any?

A. He's editor and also a researcher.

Q. Does he work with you in developing video projects?

A. Yes, he does.

Q. When did Mr. Andersen prepare Plaintiffs' Exhibit 50?

A. I don't recall.

Q. Do you recall whether it was before or after the lawsuit was filed?

A. This was all basically set up when we talked about doing the new, revamped version of it with a new sound track and a new narration and new interviews. So this was pertinent to that.

Q. When was the first time that you discussed the idea of doing a new version of Campaigns in Europe?

A. I'd say about six months ago.

Q. And six months ago would have been after the lawsuit was filed. Is that right?

A. That is correct.

Q. Is the proposed revamped version in any way motivated in part by this lawsuit?

• • •

[164] You can answer again.

A. Yes.

BY MS. CENDALI:

Q. What is the source materials that you were using to create the new script?

A. The same before-mentioned library which we have.

Q. Are you also using the transcript reflected in Plaintiffs' Exhibit 50?

A. That would be a part of it, yes.

Q. Are you using General Eisenhower's book Crusade in Europe in any way to create the new script?

A. No.

Q. Are you attempting in any way to delete language from the narration of Campaigns in Europe that came from General Eisenhower's book?

A. That would certainly be a consideration.

Q. Are you aware that there are portions of General Eisenhower's book quoted verbatim in the narration of Crusade in Europe?

MR. HYMAN: Objection. Assuming facts not in evidence.

• • •

[167] I object to the question, because the question was all-inclusive, attorneys or anyone else. It didn't differentiate. It was also asked and answered.

BY MS. CENDALI:

Q. What stage of the revamp process is — Excuse me. When do you anticipate the revamp process will be completed?

A. We anticipate the product being finished in October.

Q. And as we sit here today, it is currently July 28th, 1999. Is that correct?

A. That is correct.

Q. And as we sit here today, there are currently no drafts of the script for the new project. Is that right?

MR. HYMAN: Objection: Asked and answered, and it's argumentative.

You can go ahead and you can answer again.

BY MS. CENDALI:

Q. You can answer the question.

MR. HYMAN: Again, it's not for her to tell you what to do —

MS. CENDALI: You just told him . . .

* * *

[176] . . . back in a few minutes.

MR. HYMAN: Okay. For the witness's sake.

(A recess was taken.)

THE VIDEOGRAPHER: We're on the record at 4:39.

BY MS. CENDALI:

Q. Mr. Tarter, let's — turning your attention back to Plaintiffs' Exhibit 4, the actual — an actual copy of the Campaigns in Europe video cassette, there's nothing on that packaging that gives credit to General Eisenhower, is there?

MR. HYMAN: Objection. Calls for speculation and calls for conclusion of this witness.

You can go ahead and answer.

A. Not that I know of.

BY MS. CENDALI:

Q. And there's nothing on the packaging of Campaigns in Europe that gives credit to Twentieth Century Fox, New Line, or SFM, is there?

MR. HYMAN: Objection. The document speaks for itself. Calls for a [177] conclusion.

Go ahead and testify.

A. Not that I am aware of.

BY MS. CENDALI:

Q. Am I correct that the only entities given credit on the packaging for Campaigns in Europe are Dastar and its dba, Marathon Video?

MR. HYMAN: Objection. The document speaks for itself.

And go ahead and answer.

A. You are correct.

MS. CENDALI: With the hope of minimizing additional fireworks from counsel, I'm going to tell you where I'm going.

I'm trying to see what knowledge this witness has as to certain of the claims in this case to find out whether or not he's going to be a witness as to these claims.

MR. HYMAN: There's not going to be any fireworks from counsel.

MS. CENDALI: Good.

MR. HYMAN: I don't know what you're talking about.

MS. CENDALI: Good.

MR. HYMAN: What fireworks?

* * * *

DEPOSITION OF NORMAN ANDERSEN
JULY 27, 1999

[Commencing at page 27]

. . . the paperwork, met with a couple of people at work that work with me, discussed the whole subject. And that is it.

BY MS. CENDALI:

Q. Who did you meet with at work?

A. Lanny Tarter.

Q. Who else?

A. Steve Hebert.

Q. Anyone else?

A. No. My wife.

Q. Does your wife have an active role in any of your companies?

A. Yes.

Q. What did you discuss in general with Mr. Tarter in preparation for your deposition?

A. Basically just the fact that we were going to do this; have you ever had a deposition before. I said I had, but in a real estate matter.

He said he had at some point. I don't know what the subject matter was. And basically we just talked about the mounds of paperwork. Almost joked about the lawyers shuffling papers.

Q. Did you discuss the issues in the . . .

* * *

[43] needed a different corporate name. So we moved the Starcorp company into Entertainment Distributing and then changed the name to Dastar. And we are two different divisions then.

Q. What is the relationship between Dastar and Marathon Music & Video?

A. Marathon Music & Video was another dba. And when we went into the business of video — producing our own video, we kind of resurrected that dba again — it was still on file at the State — to be used in that division of the company.

Q. So there was never a separate corporation called Marathon Music & Video, to your knowledge?

A. I don't believe so.

Q. So Marathon Music & Video is a current dba of Dastar. Is that right?

A. That is correct.

Q. When did Dastar get into the video business?

MR. HYMAN: Objection by what is meant — ambiguity as to get into the video business.

[44] Go ahead and answer.

A. Producing our own video, 1995.

BY MS. CENDALI:

Q. Had prior to that time Dastar sold videos produced by others?

A. Yes.

Q. How long had it been doing that?

A. Not long.

Q. Meaning a year or a couple years?

A. I don't really even recall. It was such a small part of the business.

Q. Okay. What was the first videos that Dastar produced?

A. Campaigns in Europe.

Q. Was that the first one?

A. Yes.

Q. Were there any other videos produced by Dastar in 1995?

A. I believe so, but I can't recall. The only one I can recall a specific title on in '95 was one called Apollo.

Q. Does Dastar still produce video today?

A. Sure.

Q. How many videos has Dastar released?

* * *

[66] BY MS. CENDALI:

Q. Does the company have any unsatisfied litigation judgments pending against it?

A. No. No. We sued somebody.

Q. Do you have any estimate as to what the company's profits have been in this most recent year?

MR. HYMAN: Objection as to what is meant by most recent year. Indefinite.

Go ahead and answer if you can.

A. Mr. Hebert will have to answer that.

BY MS. CENDALI:

Q. Do you recall what Dastar's profits were last year?

A. Same answer. I couldn't tell you specifically.

Q. Do you recall what Dastar's gross revenues were in the previously completed fiscal year?

A. Yes. Approximately 25 million.

Q. When did you learn that there was a documentary series called Crusade in Europe?

A. When I was 12 years old.

Q. How did you learn of it?

[67] A. I saw it on TV.

Q. And I take it you were aware that it was based on General Eisenhower's war memoirs, Crusade in Europe?

MR. HYMAN: Objection as to indefinite.

Do you mean when he saw it did he understand it at that time?

BY MS. CENDALI:

Q. You can answer the question.

A. Yes.

MR. HYMAN: Objection. Let me —

THE WITNESS: I thought you were done.

MR. HYMAN: Listen now. Objection as to indefinite as to do you mean that when — the question as to when — is the question as to did he understand it when he was 12 years old?

No. I don't want you to tell him he can answer the question. You are not here to tell him what he can or can't do.

MS. CENDALI: You're limited — you are not permitted to make that type of objection.

[68] BY MS. CENDALI:

Q. Did you — What did you mean by your answer, Mr. Andersen?

MR. HYMAN: No. Just let me finish. Let me finish.

Do you mean — is the question is — that is an improper question. I have made an objection.

Tell her, please, if you understood that it was Dwight D. Eisenhower, not when you first saw it when you were 12 years old.

THE WITNESS: Now I am confused.

MR. HYMAN: Well, did you understand it was Dwight D. Eisenhower —

THE WITNESS: When I was 12?

MR. HYMAN: Yes.

THE WITNESS: Yes.

MR. HYMAN: Okay. Go ahead.

Next question.

BY MS. CENDALI:

Q. Thank you. And I take it when you were a little older in life you still understood that it was based on Dwight D. Eisenhower's book?

[69] A. Yes.

Q. What led Dastar to consider releasing the sets of videos that it called Campaigns in Europe?

A. We were contemplating going into the video business and producing our own sets. And the opportunity to obtain what we believed was public domain material led us to decide to create a set called Campaigns in Europe.

Q. Who first got the idea to produce the video series called Campaigns in Europe?

A. Lanny Tarter.

Q. And did he take that idea to you?

A. Yes, he did.

Q. And what was your reaction?

A. I said, Find out, you know, all the information on it and let's look at it.

Q. When did this take place?

A. Approximately April of '95.

Q. What information did Mr. Tarter supply you?

A. He told me, based on his review of all the copyright information that he had available, and the source of original material, that it was public domain and could be edited [70] and marketed for the manner that we wanted to use it, which was a seven-video set.

Q. Is Mr. Tarter a lawyer?

A. No.

Q. Do you know whether the company consulted with counsel as to whether Crusade in Europe was in the public domain in 1995 before it released the video?

MR. HYMAN: Well, object. The question is — instruct the witness not to answer with regard to any —

Well, you can answer the question. Did the company consult with counsel?

A. No.

BY MS. CENDALI:

Q. Did the company, prior to releasing the video — I understand that the company Dastar released Campaigns in Europe in October of 1995. Is that correct?

A. That is correct.

Q. Prior to releasing Campaigns in Europe, did it seek an opinion from any lawyer as to whether such a release would infringe on anyone's rights?

A. No.

* * *

[72] BY MS. CENDALI:

Q. What consideration, if any, was given prior to October of 1995 as to whether General Eisenhower's book, Crusade in Europe, was in the public domain?

A. None.

Q. Why did you think Campaigns in Europe would be a good title for — Excuse me.

Why did you think Campaigns in Europe would be a good product for Dastar to release?

A. Significant interest in that period of the end of World War II — the 50th anniversary of the end of World War II. Therefore, we were looking to go into the video business and were looking for projects related to World War II.

Q. Am I correct that you thought that there might be good sales potential for World War II titles?

MR. HYMAN: Objection. Asked and answered.

But you can answer again.

A. Yes.

BY MS. CENDALI:

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[132] . . . dialog, narration, or film footage showing the book.

Q. So you edited, then — just so I understand — all reference whatsoever to the fact that this was based on General Eisenhowser's book. Is that right?

MR. HYMAN: Well, objection as to misstates the witness's testimony.

You can answer.

A. Best of my knowledge.

BY MS. CENDALI:

Q. Was any of the narration of the Crusade in Europe documentary changed?

A. I can't answer that. I don't know.

Q. Are you aware of any instances of the narration being changed?

MR. HYMAN: Objection as to ambiguous as to narration being changed.

Go ahead and answer.

A. Well, I assume the narration was edited out in all these sequences that were edited out — the two hours and whatever number of minutes.

BY MS. CENDALI:

Q. Okay. Just so I am clear, what I am . . .

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[144] . . . the video series from when it was originally released?

MR. HYMAN: Well, objection as to asked and answered.

Go ahead and answer.

A. I don't know.

BY MS. CENDALI:

Q. Does Dastar have any plans to make any additional changes to the content?

A. Yes.

Q. What are those plans?

A. We did a transcript of our entire set and —

MR. HYMAN: What are the plans and —

MS. CENDALI: Sir, would you please stop interrupting the witness. You are not to interrupt your witness in the midst of his answer. You have been doing it repeatedly. You have been accusing him of misanswering questions. You have been cutting him off.

You are not allowed to interrupt your witness in the midst of answering his questions. That is blatant coaching. The transcript will reflect that and we will bring [145] it before the magistrate.

BY MS. CENDALI:

Q. Mr. Andersen, would you please answer the question.

MR. HYMAN: Now, please read back the question.

MS. CENDALI: And the beginning of Mr. Andersen's answer before he was interrupted.

(The preceding question and answer was read back.)

BY MS. CENDALI:

Q. Could you answer, sir.

MR. HYMAN: Now, please, Mr. Andersen, the question is: What are the plans?

MS. CENDALI: Do you have an objection? Do you have an objection?

MR. HYMAN: Don't interrupt me.

MS. CENDALI: State your objection. State your objection.

MR. HYMAN: The question, Mr. Andersen, is —

MS. CENDALI: He understands the question. He was answering the question. If you have an objection, you may answer it. You [146] are not to start telling him what my question said because you want to rephrase it in a way you

like it. The witness is a smart man, and he was answering just fine on his own.

MR. HYMAN: Mr. Andersen, please answer the question what plans did you have, if any, to change the package.

A. We are planning to put an entire new sound track on this package, new narration, new music, and new sound effects.

BY MS. CENDALI:

Q. And who was involved in that project?

A. Several of my staff members.

Q. Including Mr. Tarter?

A. Probably has not been involved in it yet. Knows of it only.

Q. Has this work been completed?

A. No.

Q. Who made the decision to do this?

A. I did.

Q. Why?

MR. HYMAN: Objection to the extent that it calls for any attorney-client communications or discussions with counsel. I . . .

* * *

[157] Q. What information did he use in order to write this revised narration?

MR. HYMAN: Objection. Assumes he used information.

THE WITNESS: Right.

MR. HYMAN: Go ahead.

A. Basically you didn't need additional information.

MR. HYMAN: The question is: Do you know what information he used?

A. No, I don't know what he used.

BY MS. CENDALI:

Q. Do you know whether he used any historical information in order to revise this narration?

A. I have no idea.

Q. Do you know whether he attempted to compare the existing narration to the content of General Eisenhower's book Crusade in Europe?

A. I think he did.

Q. Do you understand that he then attempted to delete portions of the narration that came verbatim from General Eisenhower's book?

A. I don't know that.

* * *

[189] . . . Music & Video. Is that correct?

A. Right.

Q. What did you intend to convey to consumers by putting that legend there?

MR. HYMAN: Objection as to assumes this witness — may assume facts not in evidence.

Go ahead, please.

A. My first thought is that it is an attractive logo. Therefore, we were using — We had used it on all of our video packages.

BY MS. CENDALI:

Q. And what do you understand, if anything — Did you understand consumers to believe that Marathon Music & Video was the producer of this video?

MR. HYMAN: Objection as to lack of foundation. Calls for speculation.

Go ahead.

A. No.

BY MS. CENDALI:

Q. Is that a credit?

A. What do you mean by "credit"?

Q. Okay. Is it fair to say that the packaging of the Campaign in Europe gives credit [190] to Dastar Corporation and its dba's?

MR. HYMAN: Objection. Calls for a conclusion — and/or legal conclusion.

Go ahead and answer.

A. I would say yes.

BY MS. CENDALI:

Q. Is anyone — is any entity or person other than Dastar Corporation given any authorship credit on the packaging of Campaigns in Europe?

MR. HYMAN: Objection as to the use of the term "authorship credit." Assumes facts not in evidence.

Go ahead and answer.

A. No.

BY MS. CENDALI:

Q. Do Plaintiffs' names appear anywhere on the packaging?

A. No.

Q. Does General Eisenhower's name appear anywhere on the packaging?

A. Yes.

Q. Does it — How does it appear?

A. Well, without reading everything, I would say it probably appears on the back and [191] the one with Roosevelt, Churchill, de Gaulle, Hitler, Patton, Montgomery, and Rommel.

And on the front — or on the side, there is one title called Eisenhower's Thoughts, which would be on both ends and in the front left corner.

Q. Does anything on the packaging indicate that Campaigns in Europe was based on Eisenhower's book Crusade in Europe?

A. No.

MR. HYMAN: Objection. Calls for speculation.

A. No.

BY MS. CENDALI:

Q. So it is true, then, a consumer would have no way of knowing by looking at the packaging that Campaigns in Europe was based on General Eisenhower's book. Is that correct?

MR. HYMAN: Well, objection. Calls for speculation. Lack of foundation.

You can answer if you're able.

A. Well, this package was not based on Eisenhower's book.

BY MS. CENDALI:

Q. The Crusade in Europe documentary [192] series was based on General Eisenhower's book. Correct?

MR. HYMAN: Objection. Calls for a conclusion. Foundation. If you tell me — Crusade in Europe TV series or video or —

MS. CENDALI: We have already gone over this this morning. You should say asked and answered, I believe.

MR. HYMAN: Well, I am trying to avoid — I am trying to let you go ahead so we don't have a lot of squabbles.

MS. CENDALI: Right.

MR. HYMAN: So I am trying to do that without us spending time trying to — I don't want to squabble over every question, you know. Obviously, I could do that.

If you — But I don't want you to argue and so forth and so on. Go ahead and ask the question and we will take it from there.

A. What was it again?

BY MS. CENDALI:

Q. If in fact the Campaigns in Europe video set was based on General Eisenhower's book Crusade in Europe, there is nothing from the packaging that would communicate that to [193] consumers. Is that correct?

MR. HYMAN: Objection. Argumentative. And also objection, calls for speculation. And lack of foundation.

Go ahead and answer.

A. No, there is nothing on the package.

BY MS. CENDALI:

Q. And it is also true that from the packaging a consumer would have no way of knowing Twentieth Century Fox was involved in producing Campaigns in Europe. Is that correct?

MR. HYMAN: Objection. Assuming facts not in evidence and calls for conclusion and speculation and lack of foundation.

Go ahead and answer.

A. Twentieth Century Fox did not have anything to do with producing Campaigns in Europe.

BY MS. CENDALI:

Q. Twentieth Century Fox produced Crusade in Europe. Right?

MR. HYMAN: Objection. Foundation. If you know.

A. Yes, that is true.

BY MS. CENDALI:

[194] Q. How many hours of the documentary series Crusade in Europe is contained in Campaigns in Europe?

A. I think Campaigns in Europe is approximately seven hours.

Q. And so seven hours of footage in Campaigns in Europe was taken from Crusade in Europe. Correct?

MR. HYMAN: Objection. Foundation. If you know.

A. That is correct.

BY MS. CENDALI:

Q. And none of the — And a consumer would have no way of knowing that any of the other plaintiffs had any other — had any involvement with Campaigns in Europe, too. Isn't that right?

MR. HYMAN: Objection. Calls for speculation. Lack of foundation. Assumes facts not in evidence.

Go ahead and answer if you are able.

A. I have no idea.

BY MS. CENDALI:

Q. There is nothing mentioning them on [195] the packaging. Right?

MR. HYMAN: Objection.

A. I am not sure who you are referring to.

BY MS. CENDALI:

Q. Well —

A. Besides Twentieth Century Fox.

Q. SFM Entertainment LLC, and New Line Home Video, they're not mentioned on the packaging either, are they?

A. No.

(A discussion was had off the record.)

BY MS. CENDALI:

Q. Now, in producing — Well, actually, let me do this. Could you quickly make a —

(A recess was taken.)

BY MS. CENDALI:

Q. Okay. Now, turning to the content of the video — videos Campaign in Europe itself, am I correct that one of the things Dastar did was delete the credits from Crusade in Europe in producing Campaigns in Europe?

A. Yes, that is correct.

Q. Okay. And when Dastar did its . . .

* * *

[198] Q. I note that according to at least Plaintiffs' Exhibit 6 there is a reference of special thanks to the U.S. National Archives. Do you know what that thanks is in relation to?

A. Not directly, no.

Q. Indirectly do you have any information as to what that might be in relation to?

A. I assume it is in relationship to either photographs or footage included in this package.

Q. Who created the credits for — as they were used in Campaigns in Europe?

A. I have no idea.

Q. Did Lanny Lee develop the credits for use in Campaigns in Europe?

A. I don't know.

Q. There is no reference in any of the credits for Campaigns in Europe to General Eisenhower or his book. Correct?

A. Correct.

MR. HYMAN: Are you talking about this list, Exhibit No. 6?

BY MS. CENDALI:

Q. To your knowledge — Leaving aside [199] even Plaintiffs' Exhibit 6, to your knowledge there is no credit in Campaigns in Europe to General Eisenhower or his book. Correct?

A. Correct.

MS. CENDALI: I would like to mark —

(A discussion was had off the record.)

MR. HYMAN: Are you going to make some more copies of stuff?

MS. FRANCIS: It isn't easy being in a hotel.

MS. CENDALI: Let's proceed with some other questions while she does that.

MR. HYMAN: That is great.

BY MS. CENDALI:

Q. I would like to show you what we will mark as Plaintiffs' Exhibit 7, what I will represent to you are the credits done via a video grab from Plaintiffs' Crusade in Europe video set.

(Deposition Exhibit No. 7 marked for identification.)

(A discussion was had off the record.)

* * *

[298] . . . on Exhibit 5" or "master recordings generically." Objection as to ambiguous.

Please answer.

BY MS. CENDALI:

Q. Can you continue your answer, Mr. Andersen?

MR. HYMAN: Please do not address the witness like that. He will — I have asked him to answer the question. That is not your job to tell him.

MS. CENDALI: Due to your coaching, the witness is now sitting here confused and unable to continue with the answer that he already began.

MR. HYMAN: No. Listen, that's — You don't have any basis for that. The question is — You've asked the question. I made my objection. You're not to direct this witness what to do.

Please answer, Mr. Andersen.

A. A master recording would be a high-quality film — 30-frame per second that can be used for running masters for manufacturing and editing purposes.

BY MS. CENDALI:

[299] Q. And you purchased such master recordings of Crusade in Europe. Is that correct?

A. That is correct.

Q. And you used those master recordings to make Campaigns in Europe. Right?

A. That is correct.

Q. And, again, just so that I am clear, what you purchased for this $6,292 was an edited version of the Crusade in Europe documentary series. Is that correct?

A. Film series?

Q. Yes.

A. That is correct.

Q. And who, if anyone, gave Method Song Writing instructions as to what to delete?

A. Lanny Lee would have done that.

Q. Okay.

(A recess was taken.)

MS. CENDALI: I would like to mark as Plaintiffs' Exhibit 14 a series of documents bearing Bates Nos. 1057 through 1063 that appear to be invoices from LA Videograms billed to Dastar Corporation on various dates in 1995.

* * *

[375] MS. CENDALI: I have a new document that is not an invoice and I would like to talk about this new document which is on a different subject with this witness.

MR. HYMAN: We are here to continue provided that the witness is not being harassed by being asked repeatedly what numbers are on the pages. Go ahead.

MS. CENDALI: I would like to mark as Plaintiffs' Exhibit 32 a document dated July 15, 1997, to the legal affairs department of Marathon Music & Video from New Line Home Video, SFM Entertainment, and Twentieth Century Fox Film Corporation.

(Deposition Exhibit No. 32 marked for identification.)

BY MS. CENDALI:

Q. Do you recognize that document, Mr. Andersen?

A. Yes, I do.

Q. What is it?

A. It is letter from all these people. It says, re Campaigns in Europe and Campaigns in the Pacific.

MR. HYMAN: The question was: Do [376] you know what it is?

A. I recognize it.

MR. HYMAN: Thank you.

BY MS. CENDALI:

Q. Did you receive this document on or about July 15, 1997?

A. Some point after that.

Q. Does the document put you on notice that the authors of the document object to the distribution of Campaigns in Europe?

MR. HYMAN: Objection. Calls for legal conclusion as to whether it puts him on notice. And the document, of course, its contents speaks for itself.

You can answer, if you're able, the document puts you on notice.

A. So you're asking me what my understanding of this document is?

BY MS. CENDALI:

Q. Yes, sir.

A. All these big, huge companies decided that I didn't have the rights to put out these two packages, therefore, they are telling me I shouldn't be doing that.

Q. And prior to receiving this letter, . . .

* * *

[379] BY MS. CENDALI:

Q. Mr. Andersen —

MR. HYMAN: I wanted to finish saying that we are not going to go into the evening — it is 6:10, 6:15 — for you to repeat questions and to have you repeat questions that you have already asked.

We are not going to go into the evening for you to ask people as to what documents say. If you can't do better than that, we will come back tomorrow morning. That is all I can tell you. We are not going to do it.

So understand that we don't — we want to finish tonight, but if you can't — if you keep asking the same questions over again, we are not going to stay here for this.

BY MS. CENDALI:

Q. Mr. Andersen, the first demand made in the letter dated July 15, 1997, Plaintiffs' Exhibit 32, requests that Marathon immediately cease and desist from distributing and offering the pictures for sale or license and stop all advertising of the pictures. Do you see that?

A. Yes.

[380] Q. Did Dastar do that?

A. No.

Q. The second demand states, Marathon immediately surrender to New Line all copies of the pictures and any promotional materials relating thereto in its possession or control and identify and account to New Line, Fox, and SFM for all sales or licenses of picture. Do you see that?

A. Yes.

Q. Did Marathon do that?

A. No.

Q. The third demand states, Marathon inform us in detail of both the means by which Marathon obtained —

THE REPORTER: Excuse me, ma'am. Would you please slow down.

BY MS. CENDALI:

Q. The third demand states, Marathon inform us in detail of both the means by which Marathon obtained copies of the pictures and the names and addresses of the parties who provided you with those copies. Do you see that?

A. Yes.

Q. Did Marathon do that?

[381] A. No.

MR. HYMAN: You know, I don't think any of that is in dispute. And to spend your time reading letters to someone when it is not in dispute — Go ahead, please.

BY MS. CENDALI:

Q. What, if anything, did Dastar do in response to Plaintiffs' Exhibit 32?

MR. HYMAN: Objection. I advise the witness not to disclose anything it did pertaining to communications it had with its counsel.

Anything else, you can go ahead and so state.

A. On our own, I believe we contacted the Library of Congress and obtained whatever information we could on the copyrights on Crusade in Europe and Crusade in the Pacific.

BY MS. CENDALI:

Q. Did Dastar consult an attorney — I am only asking yes or no — in connection with the Plaintiffs' Exhibit 32?

MR. HYMAN: Well, objection as to time frame.

BY MS. CENDALI:

[382] Q. At or around the time that it was sent in July of 1997?

A. No.

Q. When was the first time Dastar consulted an attorney with regard to the claims of copyright infringement made by Plaintiffs in this action?

MR. HYMAN: Objection as to it's indefinite as to the claims of copyright infringement by Plaintiffs in this action. It is indefinite.

And it appears to me — Well, go ahead, if you're able — It is indefinite and the question is ambiguous and indefinite.

If you're able to answer, go ahead.

A. We did not contact legal counsel until after these companies filed a suit against us.

MS. CENDALI: Okay. I would like to mark as Plaintiffs' Exhibit 33 a letter on EDI Entertainment Distributing stationery to New Line Home Video, Twentieth Century Fox Film Corporation, and SFM Entertainment dated July 29th, 1997.

* * *

[389] . . . letter we sent.

Q. It is from New Line Cinema to Mr. Hebert?

A. Yes, it is. Oh, I do remember this.

Q. Under the second paragraph of the letter it states, we are in the process of compiling copies of all of the appropriate documentation to evidence the appropriate copyright ownership and legitimate distribution rights in the programs and will provide the same to you as soon as possible. Do you see that?

A. Yes.

Q. It then states, In the meanwhile, I will reiterate my request that you provide me with information concerning where you obtained the materials to make your video dubs.

Did you provide New Line with such information?

A. Absolutely not.

MR. HYMAN: Say yes or no. Did you?

THE WITNESS: No.

MR. HYMAN: Thank you.

BY MS. CENDALI:

Q. Did Dastar take any action as a . . .

* * *

[402] . . . to get a better one.

Is this a letter from Eric Kulberg to Lanny Lee to the best of your knowledge dated September 22nd, '98? Is that what it is?

THE WITNESS: Yes.

MR. HYMAN: Thank you very much.

Please proceed.

MS. CENDALI: Counsel, you have interrupted my witness. You have cut off his line of questioning.

Once again in our motion for sanctions — I am putting you on notice that we are moving for sanctions as well as to compel answers to these questions.

We will have his deposition in Los Angeles and we are seeking attorneys fees and costs. And I am putting you on notice again that I will seek personal sanctions against you personally.

MR. HYMAN: Me personally?

BY MS. CENDALI:

Q. Mr. Andersen, was some precipitating event that led Dastar to consult with Universal Media, Inc., with regard to copyright issues —

[403] MR. HYMAN: Objection.

BY MS. CENDALI:

Q. — in or around September of 1998?

MR. HYMAN: Objection. Assumes facts not in evidence, consulted at that time. Also to some extent asked and answered.

Go ahead, please.

A. I don't remember the date of the filing of the lawsuit, but I believe it was around this period — this time. Therefore, we asked again one of our researchers to do some work on the copyrights information on the Crusade in Europe films and book.

BY MS. CENDALI:

Q. And in the second paragraph of this document on the first page, it states in the last sentence, It appears that Doubleday & Company has a solid copyright on this work and will hold it at least until 2023. Do you see that?

A. Yes, I do.

Q. Did you take any action after reading that statement from your copyright researcher?

MR. HYMAN: I would go ahead and [404] object that that question is indefinite as to taking any action.

And I would ask the witness please to not relate anything that was resulted from — related to any discussions you have had with counsel.

Other than that, please testify.

A. After we got this information, I believe that at that time we had retained counsel. And therefore, as Mr. Hyman said, all other discussions related to this were with his firm.

BY MS. CENDALI:

Q. You continued to sell Campaigns in Europe after receiving this September 22nd, 1998 letter from Universal Media, Inc. Is that right?

A. That is correct.

Q. The letter on the second page states in the last paragraph, Please find attached documentation including the raw research performed by our copyright researcher, Oleg Semkoff. Do you see that?

A. Yes.

MS. CENDALI: I call for . . .

* * * *

DEFENDANTS' RESPONSE TO PLAINTIFFS' STATEMENT OF UNCONTROVERTED FACTS AND CONCLUSIONS OF LAW

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CASE NO. 98-7189 DT (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, etc., et. al.,

Plaintiffs,

v.

DASTAR CORPORATION, etc., et al.,

Defendants.

AND RELATED COUNTER-CLAIMS.

DEFENDANTS' RESPONSE TO PLAINTIFFS' STATEMENT OF UNCONTROVERTED FACTS AND CONCLUSIONS OF LAW

Date: December 13, 1999

Time: 10:00 a.m.

Place: Before the Honorable Dickran Tevrizian, United States District Court Judge

Defendants respond to Plaintiffs one hundred and twenty one (121) "Statements of Uncontroverted Facts," as follows:

1. Undisputed. (The Court could most likely take judicial notice of this fact, which Defendants would not

object. Technically the Dec. of John Eisenhower does not provide sufficient foundation to support the assertion of this fact which is not in dispute.)

2. Undisputed. (Again the Court could probably take judicial notice of this fact, in that again that the Dec. of John Eisenhower is without foundation to support this conclusion.)

3. Disputed. (Lack of foundation by Power Declaration. Power has no personal knowledge to authenticate the document (Ex. A to Power Declaration), and the document itself is hearsay, and was not disclosed under Local Rule 6.2.2, is inadmissible pursuant to FRCP Rule 37(a)(1), in that it was not disclosed.)

4. Not disputed as to the fact asserted that "for years General Eisenhower: . . . refused offers to write his memoirs. . . ." Disputed as to the remainder of Proposed Finding No. 4, in that it is based upon not authenticated hearsay statements allegedly inferred from a partial selection of documents not disclosed under Local Rule 6.2.2 and FRCP Rule 37(a)(1).

5. Disputed. (Based upon lack of foundation and hearsay Declarations of Eisenhower and Vaughan.)

6. Disputed. (Based upon hearsay statements inferred from documents partially obtained after discovery cut-off date by the Plaintiffs who had apparent knowledge of those documents prior to discovery cut-off date, and who did not disclose those documents as required by Local Rule 6.2.2, and FRCP Rule 37(a)(1).)

7. Disputed. (Based upon Declarations as to hearsay of what "Black and Robinson" stated to General Eisenhower, by those without foundation to make such statements, and based also upon hearsay statements in documents, selectively obtained after discovery cut-off by Plaintiffs, and not disclosed as required by Local Rule 6.2.2 and FRCP Rule 37(a)(1).)

8. Disputed. (Based upon Declarations as to hearsay of what "Black and Robinson" stated to General Eisenhower, by those without foundation to make such statements, and based also upon hearsay statements in documents, selectively obtained after discovery cut-off by Plaintiffs, and not disclosed as required by Local Rule 6.2.2 and FRCP Rule 37(a)(1).)

9. Disputed. (Based upon Declarations as to hearsay, and presents a conclusion without foundation as to General Eisenhower' "state of mind," which is presented by John Eisenhower without foundation.)

10. Disputed. (Based upon hearsay and lack of foundation and conclusionary statement by John Eisenhower.)

11. Disputed. (This fact is based upon the hearsay contents of an not-authenticated document, one (1) of twenty-six (26) selectively chosen out of approximately over 1,000 pages of documents from the "McCormick Collection," which neither the particular document itself, nor the "McCormick Collection" was disclosed by Plaintiffs as required under Local Rule 6.2.2 and FRCP Rule 37 (a)(1).)

12. Disputed. (Based upon lack of foundation, conclusionary statements, and hearsay contained in documents apparently selectively obtained by Plaintiffs after discovery cutoff, which was not disclosed to Defendants as required by Local Rule 6.2.2 and FRCP Rule 37 (a)(1).)

13. Disputed. (This fact is based upon the hearsay contents of an not-authenticated document, one (1) of twenty-six (26) selectively chosen out of approximately over 1,000 pages of documents from the "McCormick Collection," which neither the particular document itself, nor the "McCormick Collection" was disclosed by Plaintiffs as required under Local Rule 6.2.2 and FRCP Rule 37 (a)(1).)

14. Disputed. (Based upon hearsay found in documents selectively obtained by Plaintiffs from the "Eisenhower Library," apparently after the discovery cut-off date, not disclosed to Defendants as required by Local Rule 6.2.2 and FRCP Rule 37(a)(1).)

15. Disputed. (This fact is based upon the hearsay contents of an not-authenticated document, one (1) of twenty-six (26) selectively chosen out of approximately over 1,000 pages of documents from the "McCormick Collection," which neither the particular document itself, nor the "McCormick Collection" was disclosed by Plaintiffs as required under Local Rule 6.2.2 and FRCP Rule 37(a)(1). Based upon hearsay found in documents selectively obtained by Plaintiffs from the "Eisenhower Library," apparently after the discovery cut-off date, not disclosed to Defendants as required by Local Rule 6.2.2 and FRCP Rule 37(a)(1).)

16. Disputed and not relevant. (Based upon hearsay found in documents selectively obtained by Plaintiffs from the "Eisenhower Library," apparently after the discovery cut-off date, not disclosed to Defendants as required by Local Rule 6.2.2 and FRCP Rule 37 (a)(1).)

17. Disputed and not relevant. (Based upon hearsay found in documents selectively obtained by Plaintiffs from the "Eisenhower Library," apparently after the discovery cut-off date, not disclosed to Defendants as required by Local Rule 6.2.2 and FRCP Rule 37 (a)(1).)

18. Disputed and not relevant. (Based upon hearsay found in documents selectively obtained by Plaintiffs from the "Eisenhower Library," apparently after the discovery cut-off date, not disclosed to Defendants as required by Local Rule 6.2.2 and FRCP Rule 37(a)(1).)

19. Disputed and not relevant. (Based upon hearsay found in documents selectively obtained by Plaintiffs from the "Eisenhower Library," apparently after the discovery

cut-off date, not disclosed to Defendants as required by Local Rule 6.2.2 and FRCP Rule 37 (a)(1).)

20. Disputed. (Lack of foundation, speculative and conclusionary as to statements by Mr. Vaughan.)

21. Disputed. (Lack of foundation as to Eisenhower Dec., Vaughan Dec. and Jahss Dec. The Jahss Dec., Ex. L, is not authenticated and is presented for the purposes of the hearsay statements in a document selectively obtained from the "Eisenhower Library," most probably after the discovery cut-off date, not disclosed as required by Local Rule 6.2.2. The statements in the Vaughan Dec. lack foundation, and the John Eisenhower Dec. lacks foundation as to the financial events of 1948 and thereafter. A question of fact is presented as to whether there was an "ongoing royalty obligation," from Doubleday and Company ("DOUBLEDAY") and its successors, given the 1986 letters from DOUBLEDAY to John Eisenhower and from John Eisenhower to DOUBLEDAY, indicating that John Eisenhower had control over the granting of the license from DOUBLEDAY to Twentieth Century Fox Film Corp. ("20TH") as of 1986, and was to benefit financially from the terms of the Doubleday to Fox license.)

22. Disputed and not relevant. (The Vaughan Dec. is based upon hearsay, is conclusionary and is without foundation, in that Vaughan did not become employed by DOUBLEDAY until 1954. This fact, to the extent it is relevant, is disputed by other documents from the "McCormick Collection," which indicates advanced sales of the book to be extensive.)

23. Disputed. (Mr. Vaughan, by his own admission and testimony, did not become employed by DOUBLEDAY until 1952 [OR 1954]. Mr. Vaughan does not have sufficient foundation under Fed. Rules of Evidence Rule 603 to support the statement made which can only be based upon hearsay, and is objectionable, in that it is conclusionary.)

24. Disputed. (The statement of John Eisenhower is a legal conclusion as to the financial rights of the heirs of General Eisenhower. It would appear contrary to John Eisenhower's legal conclusion that the "heirs of General Eisenhower" may have extensive claims and a financial interest as to DOUBLEDAY's act of misappropriation of the Renewal Copyright rightfully belonging to the Eisenhower's heirs. John Eisenhower's conclusionary statement is also disputed by the exchange of letters between DOUBLEDAY and John Eisenhower of 1986 (Dec. of Allen Hyman as to additional documents), in which it appeared that John Eisenhower had control and authority over the licensing of the book during the renewal period, and was to benefit financially from that licensing in 1986.)

25. Disputed and irrelevant. (Ex. C to the Vaughan Dec. was not disclosed by Plaintiffs as required by Local Rule 6.2.2, and the action taken with regard to another book is irrelevant. Yet, if any inference is to be drawn, it supports that of the Defendants, in that most likely "The White House Years" was undertaken at the solicitation and urging and courting of DOUBLEDAY, and therefore was "at the instance of DOUBLEDAY," according to Plaintiffs' own legal theory.)

26. Disputed and irrelevant. (The Vaughan and John Eisenhower Declarations are without foundation as to the writings of General Eisenhower prior to 1948. John Eisenhower's conclusionary statement could only be based upon hearsay. It is speculative for John Eisenhower and Mr. Vaughan to speculate on the length and effort of General Eisenhower's former writings. The conclusionary statements is that General Eisenhower had: "no previous experience writing a Book." General Eisenhower may have written U.S. Army manuals during his career, which were in the form of a "book," and may have written extensive "battle plans,' in the form of a book.)

27. Dispute. (This proposed finding is based upon conclusionary statements by Mr. Vaughan not employed with DOUBLEDAY at the time, and is based upon the lack of foundation of the statements of John Eisenhower. There is no competent evidence with sufficient foundation to support the conclusionary statement as to what was General Eisenhower's state of mind of "what he welcomed. . . ." As well, the DOUBLEDAY 1976 Introduction to the book sets forth a statement of facts which is an admission of DOUBLEDAY, contrary to an assertion of "DOUBLEDAY's supervision." Disputed by the statements of Manfred Jonas in the 1976 Introduction and by General Eisenhower's Acknowledgements. (Notice of Lodging of Book, Tabs 1 and 2.))

28. Disputed. (There is no foundation for the statement by any of the declarants (John Eisenhower states he "believes or understands," and the Jahss Dec. and Power Dec. present hearsay information from not-authenticated documents not disclosed as required by Local Rule 6.2.2 and FRCP rule 37(a)(1).)

29. Disputed. (The Dec. of Vaughan as to these statements is conclusionary, and without foundation. Disputed by the Manfred Jonas Introduction and the General Eisenhower Acknowledgement found in the Book (Notice of Lodging of Book, Tabs 1 and 2 .))

30. Disputed. (The statements by John Eisenhower, Vaughan, Jahss and Power are without foundation, conclusionary, are based on hearsay found in selected documents obtained after discovery cut-off within the knowledge of the Plaintiffs not disclosed pursuant to Local Rule 6.2.2. and FRCP rule 37(a)(1). The statements are directly contradicted by the statements presented in the "Manfred Jonas 1976 Introduction," and the "General Eisenhower Acknowledgments." (Notice of Lodging of Book, Tabs 1, 2 and 3.))

31. Disputed. (Mr. Vaughan has no foundation to make the conclusionary statement. The statement of Vaughan is directly contradicted by the extensive facts recited in the Manfred Jonas 1976 Introduction and the General Eisenhower "Acknowledgments." Notice of Lodging of Book, Tabs 1 and 2.))

32. Disputed. (Mr. Vaughan has no foundation to make the conclusionary statement. The statement of Vaughan is directly contradicted by the extensive facts recited in the Manfred Jonas 1976 Introduction and the General Eisenhower "Acknowledgments." Notice of Lodging of Book, Tabs 1 and 2.))

33. Disputed. (Mr. Vaughan has no foundation to make the conclusionary statement. The statement of Vaughan is directly contradicted by the extensive facts recited in the Manfred Jonas 1976 Introduction and the General Eisenhower "Acknowledgments." Notice of Lodging of Book, Tabs 1 and 2.))

34. Disputed. (No foundation as to hearsay statements of selectively obtained documents of Plaintiffs counsel after the discovery cut-off date, not disclosed as required pursuant to Local Rule 6.2.2. Explicitly contradicted by the Manfred Jonas Introduction of 1976 and the General Eisenhower Acknowledgments. (Notice of Lodging of Book, Tabs 1 and 2.))

35. Disputed, and irrelevant. (No foundation as to hearsay statement attached to Power Declaration, not disclosed as required by Local Rule 6.2.2, and directly contradicted by the Manfred Jonas 1975 Introduction and General Acknowledgments. (Notice of Lodging of Book, Tabs 1 and 2.))

36. Disputed, irrelevant, nonsensical. (No foundation of Vaughan who became employed in 1954, directly contradicted by the 1975 Jonas Introduction that the "fact checking"

was undertaken at General Eisenhower's direction by U.S. Army war historians, and this statement is directly contradicted by the Jonas Introduction and General Eisenhower Acknowledgments (Tabs 1 and 2 to Notice of Lodging).)

37. Disputed and irrelevant. (No foundation, based upon undisclosed statements without foundation, and based upon hearsay in documents not revealed as required by Local Rule 6.2.2.)

38. Disputed. (No foundation as to the Declarations provided as to the personal knowledge of the declarants, based upon hearsay in undisclosed documentation not disclosed pursuant to Local Rule 6.2.2.)

39. Not disputed.

40. Disputed, and irrelevant. (No foundation as to General Eisenhower's state of mind by any of the declarants, conclusionary and irrelevant as to critical and commercial success.)

41. Disputed in part, in that the statement contains an implicit conclusion and is incomplete. (DOUBLEDAY apparently completed and filed the initial applications for copyright, identifying itself as the copyright claimant and Dwight D. Eisenhower as the sole and only author. DOUBLEDAY did not timely renew anything. This is a legal conclusion. DOUBLEDAY purported to attempt to renew the initial copyrights unlawfully and illegally in DOUBLEDAY's name as the improper claimant.)

42. Disputed and irrelevant. (John Eisenhower has no foundation to make the legal and conclusionary statements as to General Eisenhower's work was "undertaken by commission and sold outright to DOUBLEDAY." If that statement is true, that Proposed Fact No. 43 is totally

inconsistent with a work for hire. A work for hire belongs to the Employer from the onset, this statement contends that the work was commissioned and sold outright after completion, which would result in the renewal rights belonging to the Eisenhower Estate under the fact of the commissioning party's registration of the work as Dwight D. Eisenhower as the Author. This fact is also disputed as irrelevant, and by the existence of the two (2) 1986 letters from DOUBLEDAY to John Eisenhower and return, in which John Eisenhower appears to have control and benefit financially from the exploitation of the *Crusade in Europe*, during the renewal period.)

43. Disputed, irrelevant. (Lack of foundation as to the state of mind of the other Eisenhower heirs as of 1975, inconsistent with the 1986 letters from DOUBLEDAY to John Eisenhower and return, in which John Eisenhower is acknowledged to have a control and financial interest in the book as of 1986.)

44. Disputed, irrelevant, conclusionary, lack of foundation.

45. Disputed. (States a legal conclusion. DOUBLEDAY granted to 20TH the purported television rights in the Book.)

46. Disputed. (The Declarations offered to support these statements are totally without foundation, totally hearsay. Reed, Levathes and Feinstein were not identified as witnesses under Local Rule 6.2.2.)

47. Disputed (Total hearsay as to Feinstein's Declaration as to what Levathes stated, and no foundation, not listed as witness under Local Rule 6.2.2.)

48. Disputed. (Total hearsay as to Feinstein's Declaration as to what Levathes stated, and no foundation, not listed as witness under Local Rule 6.2.2.)

49. Disputed and irrelevant. (Neither the witness nor the document was disclosed under local Rule 6.2.2, and states a legal conclusion.)

50. Disputed and irrelevant. (Neither the witness nor the document was disclosed under local Rule 6.2.2, and states a legal conclusion.)

51. Disputed and irrelevant. (Total hearsay as to Feinstein's Declaration as to what Levathes stated, and no foundation, not listed as witness under Local Rule 6.2.2.)

52. Disputed and irrelevant. (Total hearsay as to Feinstein's Declaration as to what Levathes stated, and no foundation, not listed as witness under Local-Rule 6.2.2.)

53. Disputed and irrelevant. (Total hearsay as to Feinstein's Declaration as to what Levathes stated, and no foundation, not listed as witness under Local Rule 6.2.2.)

54. Disputed and irrelevant. (Total hearsay as to Feinstein's Declaration as to what Levathes stated, and no foundation, not listed as witness under Local Rule 6.2.2.)

55. Disputed and irrelevant. (Total hearsay as to Feinstein's Declaration as to what Levathes stated, and no foundation, not listed as witness under Local Rule 6.2.2.)

56. Disputed and irrelevant. (Total hearsay as to Feinstein's Declaration as to what Levathes stated, and no foundation, not listed as witness under Local Rule 6.2.2.).

57. Disputed and irrelevant. (Total hearsay as to Feinstein's Declaration as to what Levathes stated, and no foundation, not listed as witness under Local Rule 6.2.2.)

58. Disputed. (Assumes a legal conclusion that 20TH acquired any rights. 20TH purported to obtain TV rights to the book.)

59. Disputed. (Assumes a legal conclusion that Fox acquired rights to anything. Fox acquired the purported rights from DOUBLEDAY who possessed no rights to license.)

60. Not disputed as to facts stated disputed to the extent it implies a legal conclusion. (Fox purported to obtain rights from DOUBLEDAY which were recorded.)

61. Not disputed, except to the extent it implies a legal conclusion that Fox had rights to grant to SFM. (20TH purported to grant rights to SFM.)

62. Not disputed, except to the extent it implies a legal conclusion. (SFM purported to grant rights to SFM and NEW LINE.)

63. Disputed and irrelevant. (Disputed on the basis that the testimony is hearsay and that there is no foundation.)

64. Disputed and irrelevant. (The statement is based upon hearsay and is conclusionary.)

65. Disputed and irrelevant. (Hearsay as to Moger Declaration, no foundation by Moger himself personally.)

66. Disputed, irrelevant. (No foundation as to Moger himself, and conclusionary.)

67. Disputed and irrelevant. (No foundation as to Moger's having personal knowledge, and appears based upon hearsay.)

68. Disputed and irrelevant. (No foundation as to Moger's having personal knowledge, and appears based upon hearsay.)

69. Disputed and irrelevant. (No foundation as to Moger's having personal knowledge, and appears based upon hearsay.)

70. Disputed and irrelevant. (No foundation as to Moger's having personal knowledge, and appears based upon hearsay.)

71. Not disputed though irrelevant.

72. Not disputed.

73. Disputed. (The actual creators were Time, Inc., which created the twenty-sic (26) reels in late 1940's and the early 1950's (initial copyright registrations of the twenty-six (26) reels).)

74. Not disputed.

75. Not disputed.

76. Disputed to the extent the statement implies a legal conclusion, New Line, the purported successor in interest to rights.

77. Disputed. (Witness Anderson was not identified in the initial disclosure of witnesses or the supplemental disclosure under Local Rule 6.2.2 (pages 18 and 23 to DEFENDANTS' Objection and Request to Strike.)

78. Disputed. (Mischaracterizes the testimony. In 1995, Lanny Tarter was at that time a free-lance video producer in Hollywood with no association or affiliation with the DEFENDANTS and with no association or affiliation with Norman Andersen. (Depositions and Declarations of Tarter and Andersen.))

79. Not in dispute.

80. Disputed. (Tarter suggested to Andersen that a video series concerning WW II would sell well. Deposition of Tarter and Andersen and Declaration of Tarter and Andersen.)

81. Not disputed.

82. Disputed, irrelevant. (Tarter is presently in charge of video acquisitions, but was an independent producer with no affiliation with DEFENDANTS at the time of production of the videos "Crusade in Europe." (Deposition and Declaration of Tarter and Andersen.))

83. Not in dispute.

84. Disputed. (Tarter also added music, an introduction and commentary, and other modifications, and edited out all references to the Eisenhower book. (Deposition of Tarter and Andersen.))

85. Disputed. (Tarter included an introduction and additional music. (Deposition of Tarter and Andersen.))

86. Disputed, as based upon Tarter's Deposition. (Some of the "Campaign in Europe" contains some of the original narration from Crusade in Europe. Tarter has no personal knowledge of the book.)

87. Disputed. (There is also added introduction and other editing changes, including editing out the General Eisenhower references to the book and language of General Eisenhower. Plaintiffs did not reference the complete excerpts of the deposition which cover this issue as to Mr. Andersen's statements.)

88. Admitted.

89. Disputed. (Reed was not identified as a witness under Local Rule 6.2.2, and REED utilized a version of the book not provided in discovery to Defendants. Defendants examination show approximately 400 references found in the Eisenhower book found in the seven hours of video that is approximately 4% of the total narration in the video series is expression found in the Eisenhower book.)

90. Disputed. (Some of the text of Campaigns in Europe which utilize the Eisenhower Expression contain Eisenhower's expression of only historical facts, REED is without foundation to make the statement set forth in REED's declaration as to what is historical unprotected fact and what is Eisenhower's thoughts and expressions.) DEFENDANTS estimate a considerable percentage of the approximately 400 elements of expression found in Eisenhower Book are historical fats.)

91. Disputed. (Reed was not listed nor identified as an expert, nor listed on witness list under 6.2.2 for any purpose, and Reed is without basis to make the statement, and it is precluded, in that there was no disclosure of Reed under Local Rule 6.2.2.)

92. Disputed. (Reed was not disclosed as a witness under Local Rule 6.2.2, and was not disclosed as an Expert to provide an opinion, and her testimony is barred under Local Rule 6.2.2 with regard to expert disclosure and FRCP Rule 26.)

93. Disputed. (Reed was not disclosed as an expert, nor as a witness under Local Rule 6.2.2, and her testimony is inadmissible, also there is no foundation upon which Reed bases her testimony.)

94. Disputed. (Reed was not disclosed as an expert, nor as a witness under Local Rule 6.2.2, and her testimony is inadmissible, also there is no foundation upon which Reed bases her testimony.)

95. Disputed. (Reed was not disclosed as an expert, nor as a witness under Local Rule 6.2.2, and her testimony is inadmissible, also there is no foundation upon which Reed bases her testimony.)

96. Disputed. (Reed was not disclosed as an expert, nor as a witness under Local Rule 6.2.2, and her testimony is inadmissible; also there is no foundation upon which Reed bases her testimony.)

97. Disputed. (Reed was not disclosed as an expert, nor as a witness under Local Rule 6.2.2, and her testimony is inadmissible, also there is no foundation upon which Reed bases her testimony.)

98. Disputed. (Reed was not disclosed as an expert, nor as a witness under Local Rule 6.2.2, and her testimony is inadmissible, also there is no foundation upon which Reed bases her testimony.)

99. Disputed. (Reed was not disclosed as an expert, nor as a witness under Local Rule 6.2.2, and her testimony is inadmissible, also there is no foundation upon which Reed bases her testimony.)

100. Not disputed.

101. Disputed. (Tarter testifies that he is not aware of any credits on the masters he obtained. (Deposition of Tarter and Declaration of Tarter.)

102. Disputed in part. (Norman Andersen testified that he put stickers on 5,000 units which stated words to the effect "may contain some of the same footage as Crusade in Europe," in that he did not wish a customer to purchase Defendants' product if the customer had already purchased "Crusade in Europe.")

103. Not disputed.

104. Disputed. (what is characterized as the "new version" was the initial version released after possibly sales of 200 units. Ninety-nine (99) percent of the units sold were

sold with an introduction prepared by Defendants. (Deposition of Tarter and Dec. of Tarter.))

105. Disputed. (Misstates testimony of Andersen and Tarter.)

106. Disputed. (Tarter did extensive research, undertaking to go himself to the Library of Congress, where he is a registered researcher, and he undertook to personally review the files of the Library of Congress, and also requested a search of the Library of Congress. (Tarter Deposition and Declaration.))

107. Not disputed.

108. Not disputed.

109. Disputed in part. (The description of the letter is incomplete in that the letter also asserted that 20TH owned all rights to the videos.)

110. Disputed. (Misstates testimony of Andersen Deposition, and Declaration of Andersen. The response letter rejected Plaintiffs' position as owner of the videos.)

111. Disputed. (The response letter requested the basis of Plaintiffs' rights as owners of rights in the videos.)

112. Disputed. (Does not fully set forth letter, Plaintiffs again reassert in the second letter they own the videos.)

113. Not in dispute.

114. Disputed. (Not all of the information was sent as requested.)

115. Disputed. (After the lawsuit was filed, not at or about, this is a misquotation of the testimony.)

116. Inadmissible. (Attempts to disclose attorney-client privilege.)

117. Not in dispute.

118. Not in dispute.

119. Not in dispute.

120. Not in dispute.

121. Disputed. (Additional dialogue and information was to be added. (Declaration of Tarter.))

ADDITIONAL FACTS IN DISPUTE OR NOT IN DISPUTE FAVORING DEFENDANTS

1. The 1976 Introduction to the Book *Crusade in Europe* is a statement and representation of DOUBLEDAY as to the nature of the authorship of the book and the manner in which the Book was created.

2. The Acknowledgements of the Book by General Eisenhower reflect General Eisenhower's position as to who assisted him in the creation of the work *Crusade in Europe*.

3. Given the nature of the notes and references in the Book, DOUBLEDAY could not have supervised and controlled what memoranda, communications General Eisenhower would use in the book.

4. Given the 1976 Introduction of the Book and the nature in which it was created, DOUBLEDAY had no veto power or control over the actual contents of the Book.

5. The contents of *Crusade in Europe* was totally the discretion of General Eisenhower.

6. Other than soliciting the right to be the publisher, and providing encouragement, DOUBLEDAY undertook no other effort with regard to creation of the work *Crusade in Europe*.

7. During the 1940's and 1950's DOUBLEDAY would utilize the designation on copyright registrations designating DOUBLEDAY as the "employer for hire," and designating others as "author for hire."

8. DOUBLEDAY had a practice of designating individuals as authors on initial copyright registrations, not as employees for hire, but then asserting a claim to the renewal copyright as "proprietor as a work for hire."

9. DOUBLEDAY did not conceive of the concept of General Eisenhower's writing his memoirs.

10. DOUBLEDAY provided no specific direction and control over General Eisenhower's work.

11. Plaintiffs disclosed seventeen (17) documents and three (3) witnesses in their initial disclosure, and four (4) additional witnesses thereafter.

12. None of the documents selected and obtained from the McCormick Collection utilized in Plaintiffs Motion and Response were identified in the disclosure of Plaintiffs under Local Rule 6.2.2 or under FRCP Rule 37(a)(1).

13. None of the documents obtained from the Eisenhower Library were disclosed in the 6.2.2 disclosure.

14. Doubleday joined in the Motion with full knowledge that the facts stated, "There was no space to include work for hire nor instructions," were falsely made to the Court.

Respectfully submitted,

Dated: November 22, 1999

LAW OFFICES OF ALLEN HYMAN

By s/ Allen Hyman
ALLEN HYMAN
Attorneys for Defendants
ENTERTAINMENT DISTRIBUTING
and MARATHON MUSIC & VIDEO
and Defendant and Counter-Claimant
DASTAR CORPORATION

EXCERPTS FROM DECLARATION OF NORMAN ANDERSEN IN OPPOSITION TO PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 98-7189 DT (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, etc., et. al.,

Plaintiffs,

v.

DASTAR CORPORATION, etc., et al.,

Defendants.

AND RELATED COUNTER-CLAIMS.

EXCERPTS FROM DECLARATION OF NORMAN ANDERSEN IN OPPOSITION TO PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT

Date: December 13, 1999
Time: 10:00 a.m.
Place: Before the Honorable
Dickran Tevrizian,
United States District
Court Judge

I, Norman Andersen, declare as follows:

1. I have personal knowledge of the facts set forth in this declaration, and I could and would testify as to these facts if called upon to do so.

2. Prior to 1995, my company, EDI, had distributed only audio product, and there had never been any legal challenge to any audio product distributed by EDI.

3. I was contemplating also having EDI sell video product, and Lanny Tarter, an independent producer, located In Los Angeles, suggested that "Crusade in Europe was in the public domain, and that we produce a video series called "Campaigns in Europe."

4. After the commencement of the lawsuit and in 1999, EDI discontinued shipping any new product of "Campaigns in Europe" or duplicating any new product, and sales were limited only to fulfilling prior commitments to customers. EDI ceased making any new sales of "Campaigns in Europe."

5. I attach, as Ex. No, 1, the shipping records of EDI.

* * *

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

This Declaration was executed on 23rd day of November, 1999, in Eugene, Oregon.

s/ Norman Andersen
Norman Andersen

Net Shipments: Campaigns In Europe: 30173/Z30173

10/95:	3	07/97:	211
11/95:	3	08/97:	162
12/95:	1	09/97:	891
01/96:	5	10/97:	1,746
02/96:	111	11/97:	2,256
03/96:	259	12/97:	2,140
04/96:	97	01/98:	145
05/96:	140	02/98:	24
06/96:	282	03/98:	672
07/96:	156	04/98:	2,640
08/96:	567	05/98:	1,433
09/96:	1	06/98:	378
10/96:	2,422	07/98:	260
11/96:	2,142	08/98:	(1,138)
12/96:	2,149	09/98:	225
01/97:	1,227	10/98:	1,544
02/97:	1,140	11/98:	1,249
03/97:	2,948	12/98:	1,126
04/97:	739	01/99:	344
05/97:	1, 507	02/99:	201
06/97:	1,156	03/99:	414
		04/99:	380
		05/99:	(587)
		06/99:	3

TOTAL: 33,774

sjh
07/27/99
EDI

DECLARATION OF LANNY LEE TARTER IN OPPOSITION TO PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

CASE NO. 98-7189 DT (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, etc., et. al.,

Plaintiffs,

v.

DASTAR CORPORATION, etc., et al.,

Defendants.

AND RELATED COUNTER-CLAIMS.

DECLARATION OF LANNY LEE TARTER IN OPPOSITION TO PLAINTIFFS' MOTION FOR SUMMARY JUDGMENT

Date: December 13, 1999
Time: 10:00 a.m.
Place: Before the Honorable
Dickran Tevrizian,
United States District Court Judge

I, Lanny Lee Tarter, declare as follows:

1. I have personal knowledge of the facts set forth in this declaration, and I could and would testify as to these facts if called upon to do so.

2. I have read proposed finding of fact No. 78 of the Plaintiffs in this case which states: "In April 1995, Lanny

Tarter, former freelance video producer who became Dastar's director of video acquisitions in September 1995 . . . spoke about expanding Dastar's product line. . . ."

3. At the time of April, 1995, I was a free-lance owner of my own production companies, called "Lanny Lee Productions," and "Fireworks Entertainment." I attach page 28 of my deposition, where I reference the identity of these companies at the time when I independently created the video "Campaigns in Europe."

4. As I stated in my deposition (page 26 attached), I had previously created productions for "Rhino Home Video," "Viking Home Video" and "Handelman Home Video Division." I had previously undertaken to create such series as "Air War in Europe," "The History of Rommel," "Patten: Old Blood and Guts" and other titles.

5. In April, 1995, I purchased eight (8) Betacam tapes consisting of twenty-five (25) or twenty-six (26) episodes from a company called Wavelength Video which I state in my deposition at 45:5-12. I paid Wavelength $4,500.00 plus a series of crime scene photographs that I owned, that Wavelength stated they wished to have for their other projects. (My Depo. at 46.)

6. I then created WW II "Campaigns in Europe." I created-twenty-six (26) openings, title page openings for the twenty-six (26) chapters, I added what are called "photo grabs," which I included in the title pages, we undertook to process the footage to provide the titles a "Venetian blind" look so that the titles would appear like they were moving. I added music and radio show. I also added a two (2) dimensional opening title sequence in color.

7. Contrary to any implication in the statements of the Plaintiffs, as I testified in my deposition at page 55, "the film that I obtained, the six initial Betacam tapes had no credits whatsoever on them at all. (Depo at page 55.)

8. As I stated in my deposition, each show had no credits, each show started with a view of the Statue of Liberty, and then said "Crusade in Europe," and then had an emblem of the SHAPE Headquarters, and a picture of the book and Eisenhower's picture on the book. I stated, and my memory is that is how, I remember the footage I purchased in April, 1995. That footage which I modified had no credits. (I enclose my deposition pages 55 and 56.)

9. As part of the editing task in preparation of the video, I undertook to delete from the videos all images of General Eisenhower's book. (Attached is Depo. page 56.)

10. As I stated in my deposition, I was not aware that the original television show had credits to various people, and I did not know that it was a Twentieth Century Fox production. (Depo. at page 59.)

11. I was aware that the majority of the footage in the reels had come from the National Archives, and I placed a credit for the National Archives in the credits. (Depo. at page 69.)

12. As I stated in my deposition, I estimated that approximately one-third (1/3) of the material in "Campaign in Europe" was provided by my company that was not in "Crusade in Europe" (page 72).

13. I also testified that each show had two (2) summaries or recaps, one (1) by General Eisenhower and one (1) without General Eisenhower, and that we edited out the summary by General Eisenhower, and took the non-General Eisenhower summary and put it at the beginning of each segment. (Depo page 78.)

14. I am aware that on packaging of the product, Dastar placed an oval sticker that stated "contains film footage from the previously released 'CRUSADE IN EUROPE.'" (Depo. at 113.)

15. In September, 1995, I undertook to create what I call "wrap arounds." With regard to "Campaigns in Europe," I shot some additional footage from scratch where I produced, wrote and edited a new introduction for the videos which I undertook in September, 1995, so that the videos have additional footage of a new introduction, by a speaker with a script created and produced by Dastar. (Depo. at pages 42 and 43.)

16. As a result of a search I had undertaken prior to production (Depo. at page 39), I believed the "Crusade in Europe" was in the public domain. Thereafter, subsequent searches revealed both "Crusade in Europe" and "Crusade in the Pacific" were in the public domain. (Depo. at pages 136, 137.)

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

This Declaration was executed on 23 day of November, 1999, in Eugene, Oregon.

s/ Lanny Lee Tarter
LANNY LEE TARTER

DECLARATION OF PETER LEVATHES IN OPPOSITION TO DEFENDANTS' MOTION FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTER-DEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 98-7189 FMC (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, and NEW LINE HOME VIDEO, INC., a New York corporation,

Plaintiffs,

v.

DASTAR CORPORATION, an Oregon corporation, ENTERTAINMENT DISTRIBUTING, an Oregon corporation, and MARATHON MUSIC & VIDEO, an Oregon corporation,

Defendants.

DASTAR CORP., an Oregon corporation,

Counterclaimant

v.

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, NEW LINE HOME VIDEO, INC., a New York corporation, and DOUBLEDAY, a division of BANTAM DOUBLEDAY DELL PUBLISHING GROUP, INC., a corporation,

Counterdefendants.

DECLARATION OF PETER LEVATHES IN OPPOSITION TO DEFENDANTS' MOTION FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTER-DEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

Plaintiffs' and Counterdefendants' Cross-Motion

Date: December 20, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Florence-Marie Cooper

Defendants' Motion

Date: November 22, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Florence-Marie Cooper

DECLARATION OF PETER LEVATHES

I, PETER LEVATHES, declare:

1. I was a Vice President of Twentieth Century Fox Film Corporation ("Fox") in the late 1940's and in that capacity arranged and oversaw the production of Fox's multi-part documentary television series *Crusade in Europe*, which was based on the book of the same name written by General Dwight D. Eisenhower, later the President of the United States. I joined Fox in 1938 as special assistant to Spyros

Skouras, the president of Fox at that time. I assisted Mr. Skouras on various legal matters involving Fox. After leaving Fox in the Spring of 1942, several months after the Japanese invasion of Pearl Harbor, to work for the FBI overseas on confidential assignments relating to the Allied defense of the War, I then returned to Fox in 1945. At that time, I was made the head of entertainment short subjects, a position I held until 1952. I have personal knowledge of the facts set forth herein.

2. During the period before World War II and continuing during the period immediately afterward, the movie theatres in this country typically played a number of different kinds of trailers and short subjects before showing the main feature. The short subjects usually included an entertainment short subject — such as a feature on visiting the seashore — and a news piece. People looked to movies theatres in those days as a major source of their news. Television was not then the popular medium it is today, and it was not a significant source of news for most people.

3. As the head of entertainment short subjects, I was responsible for producing and distributing the trailers and short subjects for Fox films. I was also in charge of the distribution of the *March of Time*, a monthly news feature produced by Time, Inc. that provided in-depth coverage of news events and that was also shown prior to Fox films.

4. In late 1946, I approached Mr. Skouras with the idea that Fox should get into the television business. I believed television would become a major vehicle for the delivery of entertainment and news programming. Mr. Skouras told me to explore the idea, and put me in charge of Fox's incipient television division. As the head of Fox's television efforts from 1946 to 1952, I looked for opportunities to develop and distribute television programming.

5. Sometime before General Eisenhower's book *Crusade in Europe* (the "Book") was published, I became aware that the Book was being written. I had great respect for General Eisenhower and his accomplishments during World War II; he was a national hero and very popular. I believed that there would be great interest in General Eisenhower's personal experiences and perspectives relating to the War. I thus conceived of the idea of Fox doing a television documentary on that subject. I was not interested in doing simply another piece on the War, as I felt that the American public had been inundated with War footage. My goal was to do a multi-part documentary on ***Eisenhower's story*** as told by the General.

6. Therefore, I contacted Doubleday & Co., publishers of the Book, about acquiring the television rights and obtained a draft of the Book. After reading the draft, I negotiated for Fox the deal with Doubleday under which Fox, through one of its divisions, Twentieth Century – Fox Television Productions, Inc. ("Fox Division"), obtained the sole and exclusive television rights in the Book. The license agreement that reflects the Fox Division's deal with Doubleday is attached hereto as Exhibit A. The agreement was signed by Mr. Skouras on the Fox Division's behalf and is dated November 20, 1948.

7. I also enlisted Time's *March of Time* unit, whose news features I had long admired and with whom I had an existing relationship since Fox distributed the *March of Time*, to produce the television series for Fox based on the Book. I discussed the potential project with Arthur Tourtellot, an executive and highly talented writer for the *March of Time*. I also negotiated the agreement with Time (the "Time Agreement") setting forth the terms of the deal. A copy of the Time Agreement, signed by Mr. Skouras on the Fox Division's behalf and dated December 3, 1948, is attached hereto as Exhibit B.

8. I informed Time during the negotiations that the *Crusade in Europe* television series (the "*Crusade in Europe* Series") had to be faithful to the Book and of high quality. I wanted a television series that professionally conveyed General Eisenhower's view of the War as captured in his Book. These goals are reflected in the Time Agreement itself. First, it states that the *Crusade in Europe* Series produced by Time must be "based upon or illustrating the work entitled 'CRUSADE IN EUROPE', by Dwight D. Eisenhower." Exh. B ¶1(a). Second, the Time Agreement gave the Fox Division and Doubleday the right to review the script and film for individual episodes, and Time agreed to eliminate any portion of the script and any original photography that was determined to adversely affect General Eisenhower's reputation. *Id.* ¶¶1(b) – (d). Third, the Time Agreement states that "Time acknowledges that the quality of the work entitled "CRUSADE IN EUROPE" and the high standing of its author require that all of the Pictures [individual episodes of the television series] be of high standing and quality." *Id.* ¶9.

9. Acting on the Fox Division's behalf, I worked closely with Time, principally through Mr. Tourtellot, on the adaptation of the Book into a television series and on the creation of the 26 individual episodes of the *Crusade in Europe* Series. I reviewed and commented on the scripts and the pictures, and oversaw other aspects of the production process. This was a major project that involved not only developing scripts for more than two dozen separate one-half hour episodes, but also selecting and assembling footage, preparing connecting materials, doing a narration, and deciding on and incorporating the music. Mr. Tourtellot frequently called me with questions and to discuss the project. The final work product was the result of a close collaboration between the Fox Division and Time. In that connection, the Time Agreement specifically provided that both would receive credits in the titles for the *Crusade in Europe* Series. Ex. B ¶11.

10. Under the Time Agreement, the Fox Division contracted to pay Time $11,250 per episode for 26 episodes and to pay the cost of any music rights. Exh. B ¶7.

11. As I had desired and the Time Agreement contemplated, the *Crusade in Europe* Series was very closely based on, and illustrated, the Book. The *Crusade in Europe* Series, like the Book, told General Eisenhower's story of the War through his words and eyes. As such, it used a great deal of text from the Book; selected and produced footage that captured the images described in the Book; conveyed General Eisenhower's perspective on the War as articulated in the Book; and followed the Book's structure, format, and content.

12. When the *Crusade in Europe* Series was first shown on television in 1949, it was well received and was considered successful by the measures used at that time.

13. I have been ill the last month and was not in sufficient health to sign this declaration until now.

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

Executed on this 6th day of December, 1999, at Washington, District of Columbia.

s/ Peter Levathes
Peter Levathes

License Agreement (Exhibit A)
at page S.App. 61
of the Supplemental Joint Appendix

Production Agreement (Exhibit B)
at page S.App. 73
of the Supplemental Joint Appendix

EXCERPTS FROM PLAINTIFFS' AND COUNTER-DEFENDANTS' REPLY MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 98-7189 FMC (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, and NEW LINE HOME VIDEO, INC., a New York corporation,

Plaintiffs,

v.

DASTAR CORPORATION, an Oregon corporation, ENTERTAINMENT DISTRIBUTING, an Oregon corporation, and MARATHON MUSIC & VIDEO, an Oregon corporation,

Defendants.

* * *

PLAINTIFFS' AND COUNTERDEFENDANTS' REPLY MEMORANDUM OF POINTS AND AUTHORITIES IN SUPPORT OF CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

Plaintiffs' and Counterdefendants' Cross-Motion

Date: December 20, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Florence-Marie Cooper

Defendants' Motion

Date: December 20, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Florence-Marie Cooper

* * *

IV. PLAINTIFFS ARE ENTITLED TO SUMMARY ADJUDICATION ON THEIR REVERSE PASSING OFF CLAIM UNDER THE LANHAM ACT

Defendants have engaged in classic "reverse passing off" by bodily appropriating the *Crusade* Series and Videos without plaintiffs' authorization *and* by failing to credit plaintiffs in their repackaged *Campaigns* video series. This conduct violates Section 43(a) of the Lanham Act. Defendants have tried to escape this reality by arguing that plaintiffs do not have standing to sue and that, in any case, plaintiffs have lost no goodwill as the *Crusade* Series and Videos are in the public domain. Plaintiffs disproved *both* of these arguments in their opposition to defendants' motion and in plaintiffs' cross-motion.

First, plaintiffs have demonstrated that standing to sue under the Lanham Act is *not* limited to authors, but also includes parties that have "a reasonable interest to be protected from false advertising." (Opening Br. at 23:1-24:22 (*quoting Lamothe v. Atlantic Recording Corp.*, 847 F.2d 1403, 1405 (9th Cir. 1988)). Plaintiffs clearly have such an interest. They contributed to the creation of, and/or have a financial interest in, the *Crusade* Videos. *Id.* Second, plaintiffs

disposed of defendants' lack-of-goodwill argument on the ground that because defendants have taken *all* credit for *Campaigns* without providing attribution to plaintiffs for the *Crusade* Series and Videos, plaintiffs are losing the opportunity to be associated with a quality film production, regardless of whether the *Crusade* Series and Videos are in the public domain. (*Id.* at 24:5-19.)

Defendants now make two additional arguments. First, defendants contend that a reverse passing off claim under the Lanham Act may not be based on the copying of a work in the public domain.[21] (Defs' Opp. Br. at 22:27-23:2, 26:26-27:6.) Second, defendants question whether they can be held liable for reverse passing off if the copy of the *Crusade* Series that they used to create *Campaigns* did not include credits. (*Id.* at 26:20-25.) As shown below, neither argument has merit.[22]

---

21. This contention seems to be similar to defendants' lack-of-goodwill argument, but broader, in that it would deny Lanham Act protection to anything in the public domain. If that were correct, The Disney Company, for example, would be unable to protect its rights to the "Mickey Mouse" characters after the copyrights in said characters expire. That is *not* the law. *See, e.g., Frederick Warne & Co., Inc. v. Book Sales Inc.*, 481 F. Supp. 1191, 1194-1196 (S.D.N.Y. 1979) ("dual protection under copyright and trademark laws is particularly appropriate for graphic representations of characters").

22. Defendants also suggest that "by adding new introductions, and undertaking extensive editing" they cannot be found to have bodily appropriated the *Crusade* Series. (Defs' Opp. Br. at 23:14-27.) Defendants assert that they "edit[ed] out all references to Gen. Eisenhower, and most of the elements in the twenty six (26) reels, which included verbatim expression of *Crusade in Europe*, and . . . added some additional music, and retitled and rearranged the 26 reels. (*Id.* at 23:9-23.) In fact, it is not genuinely disputed (as defendants claim to dispute, but offer no evidence to contradict) that (1) the only references to Gen. Eisenhower that defendants deleted were the images of the Book that briefly appeared at the beginning of each of the 26 chapters of the *Crusade* Series (*see* Defs'

(Cont'd)

A. A Party May Not Falsely Designate The Origin Of A Work Even If It Is In The Public Domain.

In an attempt to substantiate their argument that plaintiffs have no Lanham Act claim because the Book is allegedly in the public domain, defendants "challenge" plaintiffs to "present a single authority where a District Court found 'reverse passing' off based upon claims of lack of attribution of elements to a work that went into the public domain." (Defs' Opp. Br. at 23:9-12.) There *is* such authority. Courts have held that a reverse passing off claim is different from a copyright claim and may be maintained in the absence of copyright protection. For example, in *Waldman Publishing Corp. v. Landoll, Inc.*, 43 F.3d 775 (2d Cir. 1994), plaintiff published a line of children's books adapted from popular public domain literary works. Defendant subsequently sold books under its own name that were copies of plaintiff's. At the time of defendant's copying, plaintiff had not registered a copyright in its modifications to the underlying works. *Id.* at 778-79. When plaintiff sued for reverse passing off under the Lanham Act, defendant made *the same argument* defendants make here — namely, that it could not be held

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(Cont'd)

Resp. to Pls' Stmt. Of Uncontroverted Facts and Conclusions of Law at ¶¶84-85); (2) *Campaigns* directly copied or very closely paraphrased 51.2% of the Book's total pages (447 pages), consisting of the Book's *most important* parts, namely Gen. Eisenhower's own thoughts about the War (*id.* at ¶¶89-90); and (3) the only content from the *Crusade* Series that was rearranged by defendants was the "recap" that was moved to the beginning of *Campaigns* and retitled "preview." (*Id.* at ¶¶84-85.) The other edits defendants note were superficial changes to chapter titles and the like: Thus, defendants' limited changes were all minor and do *not* alter the fact that defendants copied substantially all of the *Crusade* Series. *Cleary v. News Corp.*, 30 F.3d 1255, 1261-62 (9th Cir. 1994) (slight modifications insufficient as matter of law to defeat Section 43(a) claim where substantially all of work was copied).

liable because plaintiff's books had no copyright protection.[23] *Id.* at 781. The Second Circuit rejected this argument, holding that a "claim of reverse passing off is separate from a claim of copyright infringement." *Id.* at 781. The Court reasoned:

> The Copyright Act and the Lanham Act address different harms. Through a copyright infringement action, a copyright owner may control who publishes, sells or otherwise uses a work. Through a Lanham Act action, an author may ensure that his or her name is associated with a work when the work is used.

Id. Accord Summit Machine Tool Manufacturing Corp. v. Victor CNC Systems, Inc., 7 F.3d 1434, 1438 (9th Cir. 1993) (Lanham Act claims independent of Copyright Act claims).[24] Thus, the *Waldman* Court concluded that even if copyright law did not prohibit defendant from copying plaintiff's books, defendant could be held liable under the Lanham Act for passing off plaintiff's books as its own.

Similarly, in *Dodd v. Fort Smith Special School District No. 100*, 666 F. Supp. 1278, 1279-81 (W.D. Ark. 1987), plaintiff wrote a biography of William Orlando Darby.

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23. While in *Waldman* the defendant relied on the failure to register the copyright to defeat the Lanham Act claim, this distinction is immaterial. The claimed lack of copyright protection was asserted to be the fatal flaw to the Lanham Act claim in both cases.

24. Defendants argue that the *Summit*, *Smith*, and *Cleary* decisions cited by plaintiffs do not support the position that their Lanham Act claim is independent of their copyright claim. (Defs' Opp. Br. at 24:1-26:16.) However, *Summit*, in fact, supports this position, affirming the District Court's analysis that a party may be liable for reverse passing off even if the party could lawfully copy the product. 7 F.3d at 1437. In contrast, *Smith* and *Cleary* were cited by plaintiffs with regard to the essential elements of a reverse passing off claim, *not* to support plaintiffs' position on the interaction between the Lanham and Copyright Acts. (Opening Br. at 22:6-21.)

The biography was not copyrighted; it was then published by defendant without plaintiff's consent, falsely identifying defendant as the author. *Id.* at 1282-85. Notwithstanding the lack of copyright protection, the court upheld a reverse passing off claim. *Id.*

There is other *ample* support for the proposition that the fact that a work is in the public domain does *not* rule out a Lanham Act claim. *See, e.g., Comedy III Productions, Inc. v. New Line Cinema*, 1998 U.S. Dist. LEXIS 10637, *16 (C.D. Calif. 1998) (legally enforceable trademark interests may exist in public domain work even though not protected by copyright); *Frederick Warne & Co.*, 481 F. Supp. at 1196 ("fact that a copyrightable character or design has fallen into the public domain should not preclude protection under the trademark laws"); *Universal City Studios, Inc. v. Nintendo Co., Ltd.*, 578 F. Supp. 911, 919 (S.D.N.Y. 1983), *aff'd*, 746 F.2d 112 (2d Cir. 1984) ("finding of fact that the King Kong story was in public domain . . . is not dispositive of the trademark issue"); *Tempo Communications, Inc. v. Columbian Art Works, Inc.*, 1983 U.S. Dist. LEXIS 13310, *1-3 (N.D. Ill. 1983) (Lanham Act may be asserted to protect features of public domain work for copyright purposes). Thus, defendants' assertion that the *Crusade* Series is in the public domain is *not* a valid defense to plaintiffs' Lanham Act claim.[25]

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25. The separateness and independence of the right against false designation of origin protected by the Lanham Act and the interests protected by copyright law are well-established, not only in case law but also in academic and legislative commentary. Paul Goldstein, Copyright §15.23 (2d ed. 1999) (Supp Jahss Exh. L). Recognition that the Lanham Act provides rights that are separate and distinct from the protections under the Copyright Act was integral to Congress' passage of the Berne Convention Implementation Act of 1988, an international agreement for the protection of works of authors of all kinds. S. Rep. No. 352, 100th Cong., 2nd Sess. 10 (1988) at pp. 3714-15, *reprinted in* 1988 U.S.C.C.A.N. 3706, 3707-11, 3714-15 (Supp. Jahss Exh. M).

B. Defendants Are Liable For False Designation Of Origin Regardless Of Whether They Removed Credits From The *Crusade* Series

Contending that the *Crusade* Series that defendants copied in creating *Campaigns* did not have credits, defendants question whether they can be held liable for reverse passing off if they did not actually remove the credits. (Defs' Opp. Br. at 26:22-25.) Assuming *arguendo* that, for some reason, the credits were missing from the *Crusade* Series copied by defendants, that fact would not alter the conclusion that defendants violated the Lanham Act by falsely taking credit for the videos sold as *Campaigns*. Defendants' contention is inconsistent with the plain language of Section 43(a), which applies to "any false designation of origin." There is *no* requirement in the statute that a true designation of origin be removed in order for there to be a Lanham Act violation for false designation of origin, *nor* do defendants cite any authority for such a requirement.

Consequently, there is no requirement under the Ninth Circuit test for reverse passing off that the original designation of origin be removed. This test provides that "'[a] defendant may . . . be guilty of reverse palming [*i.e.*, passing] off by selling or offering for sale another's product that has been modified slightly and then labeled with a different name.'" *Summit*, 7 F.3d at 1437. In addition, this test is consistent with the policy behind reverse passing off — which is to ensure that consumers receive accurate information regarding the true source of a product. *Smith v. Montoro*, 648 F.2d 602, 607 (9th Cir. 1981). The question is simply whether the designation given in the offending work is *false*.

Here, the designation in *Campaigns* is clearly false. The only credits provided are for defendant Dastar, *not* plaintiffs. Thus, *Campaigns* conceals the fact that the seven hours of tape is the product of someone else's work. Whether or not the particular set of *Crusade* Series copied by

defendants had credits, defendants *knew* that the work was created by someone other than themselves. Defendants' principals testified that they had watched the *Crusade* Series in their youth. (Defs' Resp. to Pls' Stmt. of Uncontroverted Facts and Conclusions of Law at ¶¶78-79.) In addition, Lanny Tarter admits that when Dastar was considering doing a pirated version of the *Crusade* Series, he consulted a document that disclosed Fox's connection to the production. (Tarter Depo. 35:25-36:6 and Exh. 41 (Supp. Jahss Exhs. J and K).) Yet, defendants blatantly ignored this, and took sole credit for themselves.[26] Defendants' egregious behavior is in sharp contrast to that of SFM, which licensed the necessary rights *and* properly gave attribution to the deserving parties in the credits that SFM prepared for the *Crusade* Videos based on the *Crusade* Series. Thus, plaintiffs are entitled to summary adjudication of their Lanham Act claim.

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26. Therefore, even if copyright law did not prevent defendants from coping the *Crusade* Series or Videos to create *Campaigns*, defendants owed credits to Fox and others. The credits given in the *Crusade* Videos would have been appropriate, recognizing "20th Century Fox" for arranging the production and "SFM" and "New Line Home Video" for bringing the *Crusade* Series to modern audiences. (*See* Notice of Lodging Exh. A (copy of *Crusade* Videos).) Additionally, for purposes of avoiding consumer confusion, the packaging for *Campaigns* would have to clearly indicate that *virtually all* of it is copied from the *Crusade* Series and Videos. Absent such notice, consumers might buy both the *Crusade* Videos and *Campaigns* only to discover they have bought essentially the same videos. *See PPX Enterprises, Inc. v. Audiofidelity, Inc.*, 746 F.2d 120, 124-26 (2d Cir. 1984) (Lanham Act protects against misrepresentations regarding nature of defendant's product that create confusion among consumers and raise doubts about the nature of plaintiff's own product).

V. PLAINTIFFS ARE ENTITLED TO SUMMARY ADJUDICATION ON THEIR UNFAIR COMPETITION CLAIM UNDER CALIFORNIA LAW

Because defendants engaged in reverse passing off in violation of the Lanham Act, plaintiffs are also entitled to summary adjudication of their claims for unfair competition under California statutory and common law. *Summit*, 933 F. Supp. at 942-43.

VI. CONCLUSION

For the foregoing reasons, plaintiffs respectfully request that their cross-motion for summary adjudication of issues be granted in its entirety.

Dated: December 6, 1999

O'MELVENY & MYERS LLP
By s/ Neil S. Jahss
Neil S. Jahss
Attorneys for Plaintiffs

EXCERPTED TRANSCRIPT OF PROCEEDINGS DATED AUGUST 9, 2000

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

THE HON. FLORENCE-MARIE COOPER,
JUDGE PRESIDING

No. CV-98-7189-FMC(Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, and NEW LINE HOME VIDEO, INC., a New York corporation,

Plaintiffs,

vs.

DASTAR CORPORATION, an Oregon corporation, ENTERTAINMENT DISTRIBUTING, an Oregon corporation, and MARATHON MUSIC & VIDEO, an Oregon corporation,

Defendants.

* * *

[Commencing at page 13]

DIRECT EXAMINATION

BY MS. CENDALI:

Q. Mr. Andersen, you are the president of Dastar Corporation, correct?

A. Correct.

Q. And Dastar is one of the defendants in this action, correct?

A. Correct.

Q. You understand that I represent the plaintiffs in this action, right?

A. Right.

Q. Am I correct that in 1975 you purchased a company called American Stereo that later changed its name to Dastar?

A. Yes.

Q. Dastar is an Oregon corporation headquartered in Eugene, Oregon; is that right?

A. Yes.

Q. Is it true that defendant Entertainment Distributing is a dba, a trade name of Dastar and not a separate [14] corporation?

A. That is correct.

Q. Do you sometimes refer to Entertainment Distributing as EDI?

A. That is correct.

Q. In fact, you sometimes even use the letterhead with the name "EDI"?

A. Yes.

Q. When we see that letterhead, we are really referring to Dastar Corporation, correct?

A. Correct.

Q. Is it also true that defendant Marathon Music & Video is another dba, a trade name of Dastar and not a separate corporation?

A. That is correct.

Q. Now, Mr. Andersen, in addition to being president of Dastar, isn't it true that you also own 50 percent of the stock?

A. That is correct.

Q. And your wife, Diane Andersen, owns the other 50 percent; is that right?

A. Correct.

Q. The fiscal year for Dastar runs from October 1 to September 30; is that, right?

A. Yes.

[15] Q. Dastar's gross revenues for the fiscal year end September 30, 1998, were approximately $25 million, correct?

A. Correct.

Q. And Dastar's gross revenues for the fiscal year ending September 30, 1999, were also approximately $25 million, right?

A. I believe that's correct.

Q. Isn't it true, Mr. Andersen, that Dastar's business today consists of selling videos and audio CDs?

A. Correct.

Q. And Dastar began producing video sets for sale in 1995, correct?

A. That is correct.

Q. In making its videos, isn't it true that Dastar frequently takes work that originally appeared elsewhere and then repackages it?

MR. HYMAN: Objection. Ambiguity as to the word "elsewhere."

THE COURT: Sustained.

BY MS. CENDALI:

Q. Isn't it true, Mr. Andersen, that Dastar makes most of its videos from archival footage and material that it did not actually shoot and film itself?

A. That is correct.

Q. Mr. Andersen, Dastar sells its videos primarily to [16] mail-order companies, warehouse clubs and some other major retailers, correct?

A. Correct.

Q. And Dastar has released at least 150 videos since 1955; isn't that true?

A. Yes.

Q. When Dastar releases videos, isn't it true that usually they're video sets. They are not single videos but, typically, Dastar releases collections of videos on a subject, correct?

A. Correct.

Q. And one of the video sets that Dastar has released is a video set called "Campaigns in Europe," correct?

A. Yes.

Q. And "Campaigns in Europe" is one of Dastar's top sellers, isn't it, Mr. Andersen?

MR. HYMAN: Objection as to timeframe.

THE COURT: Sustained.

BY MS. CENDALI:

Q. Mr. Andersen, isn't it true, on a historic basis, Dastar's video "Campaigns in Europe" is one of its top sellers?

MR. HYMAN: Also objection as to top sellers.

THE COURT: Overruled.

You may answer.

[17] THE WITNESS: Can you please clarify that a little bit.

BY MS. CENDALI:

Q. Well, Mr. Andersen — Mr. Hyman, I'm going to look at page 276 of Mr. Andersen's deposition.

MR. HYMAN: What lines, please.

MS. CENDALI: Lines 20 — starting at lines 21.

Q. Mr. Andersen, do you remember that I took your deposition last year?

A. Yes, I did.

MR. HYMAN: Objection. Irrelevant.

THE COURT: Overruled.

BY MS. CENDALI:

Q. Do you remember that we were in Eugene, Oregon, at that time?

A. Yes.

Q. Do you remember that you were under oath?

A. Yes.

Q. Do you remember that there was a court reporter there transcribing your testimony?

A. Yes.

Q. Do you remember that you had the opportunity to read your testimony at that time and make any corrections if you so desired?

A. Yes.

[18] Q. Do you remember that on that day I asked you:

QUESTION: Okay. I believe you said that "Campaigns in Europe" was a top seller for the company.

ANSWER: —

MR. HYMAN: I don't have a line.

MS. CENDALI: Starting at line 21, Mr. Hyman.

MR. HYMAN: Thank you.

BY MS. CENDALI:

Q. And your answer was "yes," correct?

MR. HYMAN: Objection, argumentative; and also no foundation with this witness as to what he testified.

THE COURT: Overruled.

THE WITNESS: At that time the answer would have been "yes."

MS. CENDALI: Thank you, Mr. Andersen.

Q. Now, you understand, don't you, that "Campaigns in Europe" is the subject of this lawsuit?

A. Yes.

Q. Who first got the idea for Dastar to produce "Campaigns in Europe"?

A. Lanny Tarter.

Q. Is Lanny Tarter the person you hired in 1995 to be the video producer for the company?

A. That is correct.

[19] Q. Mr. Tarter also sometimes goes by the name of Lanny Lee?

A. That's correct.

Q. That name might appear on documents from time to time?

A. That's correct.

Q. Isn't it true that you had known Mr. Tarter for many years prior to hiring him?

A. Correct.

Q. Are his responsibilities today the creation, development and supervision of the video department at Dastar?

A. That's correct.

Q. Mr. Tarter first raised the idea of releasing what became "Campaigns in Europe" in approximately April of 1995; isn't that true?

A. April or May. I'm not quite sure.

Q. This was a few months before Mr. Tarter moved to Oregon to join Dastar, right?

A. Correct.

Q. Now, at this time you were interested in expanding Dastar's business into the video area, correct?

A. Correct.

Q. And you thought video sets about World War II would sell well in light of the interest generated by the war's 50th anniversary, right?

[20] A. Correct.

Q. Now, Mr. Tarter told you in the spring of 1995 that the documentary television series "Crusade in Europe" was in the public domain, correct?

A. That is correct.

Q. So you felt you could use the "Crusade" series to create "Campaigns in Europe," right?

A. Right.

Q. And Dastar, in fact, released "Campaigns" in October of 1995?

A. Correct.

Q. Now, isn't it true, Mr. Andersen, that you had learned of the "Crusade in Europe" series prior to Mr. Tarter mentioning it?

MR. HYMAN: Objection as to what is meant by the "Crusade in Europe" series. It's ambiguous.

THE COURT: Are you asking if he knew of the existence of the video series?

MS. CENDALI: I'm asking Mr. Andersen whether he knew of the existence of the documentary television series "Crusade in Europe."

THE WITNESS: Yes, I did.

BY MS. CENDALI:

Q. In fact, Mr. Andersen, isn't it true that you saw the "Crusade in Europe" series on television in 1953 when you [21] were 12 years old?

A. Correct.

Q. And isn't it true that even as a 12-year-old boy when you saw "Crusade in Europe" on TV, you understood that it was based on General Dwight D. Eisenhower's war memoirs by the same name?

A. That is correct.

Q. And later in life, when you discussed the "Crusade in Europe" series with Mr. Tarter, you still understood that it was based on Dwight D. Eisenhower's book, didn't you?

A. Correct.

Q. But isn't it true, Mr. Andersen, that prior to releasing "Campaigns," Dastar gave no consideration as to whether General Eisenhower's book, "Crusade in Europe," was in the public domain?

A. That is correct.

Q. Isn't it also true, Mr. Andersen, that prior to releasing "Campaigns," Dastar did not seek an opinion from any lawyer as to whether such a release would infringe on anyone's rights?

A. Not from a lawyer, no.

Q. Mr. Andersen, I'd like to show you Plaintiff's Exhibit 3, or Exhibit 3, as we're using the same numbers, which is the physical volume of "Crusades in Europe." May I approach and hand the witness —

[22] THE COURT: Yes.

MS. CENDALI: I see that Mr. Hyman has his own set of exhibits.

THE COURT: Sorry.

MS. CENDALI: May I hand it directly to the witness, Your Honor?

THE COURT: Yes.

BY MS. CENDALI:

Q. Do you recognize Plaintiff's Exhibit 3, Mr. Andersen?

A. Yes.

Q. And is that, in fact, the "Crusade in Europe" video set?

MR. HYMAN: Objection as to foundation.

BY MS. CENDALI:

Q. Can you identify Exhibit 3, sir?

MR. HYMAN: Objection as to foundation as to what this witness knew. No basis or foundation.

THE COURT: I'll allow it.

THE WITNESS: It is a six-video set of "Crusade in Europe."

BY MS. CENDALI:

Q. And isn't it true, Mr. Andersen, that you saw "Crusade in Europe," Plaintiff's Exhibit 3, in a mail-order catalog in November of 1995?

A. No. I believe it was much later than that.

[23] Q. Well, let's take a look at your deposition, Mr. Andersen.

MR. HYMAN: I'd object, Your Honor, to the saying let's take a look at. If there is impeachment, give the page and line numbers and let's move on.

THE COURT: I don't think that is objectionable. If you'll just recite the page and line numbers.

MS. CENDALI: Please, the page is 82 to 83. It begins at line 14.

MR. HYMAN: Just a second, please. Just a second.

(Pause in the proceedings.)

MR. HYMAN: 82 to 83 at line 14.

BY MS. CENDALI:

Q. Do you have the line, sir?

MR. HYMAN: Go ahead.

BY MS. CENDALI:

Q. And on that day, isn't it true that my question was:

QUESTION: Mr. Andersen, I would like you to take a look at Plaintiff's Exhibit 3 and tell me if you can identify it.

MR. HYMAN: Objection as to what is meant by "identifying it."

MR. HYMAN: Objection as to reading the objection. It's colloquy.

THE COURT: There is no jury here, Mr. Hyman. I [24] don't think it makes any difference.

MS. CENDALI: (Reading:)

QUESTION: Go ahead.

ANSWER: It appears to be a six-video set of "Crusade in Europe."

QUESTION: Had you seen that video set prior to today?

ANSWER: I have seen it in a mail-order catalog, this set. I am sure it is the same set. It was called "Crusade in Europe."

QUESTION: When do you recall approximately was the first time you saw that in the mail-order catalog?

ANSWER: Approximately in 1995.

(End of reading deposition testimony.)

BY MS. CENDALI:

Q. Mr. Andersen, isn't it true that you saw Plaintiff's Exhibit 3 in a mail-order catalog before Dastar released "Campaigns in Europe"?

A: I saw a "Crusade in Europe" video set. I could not tell you from the catalog that it was this particular set.

Q. Turning again to the deposition, Mr. Hyman, on page 83, starting at line 3.

QUESTION: When do you recall approximately was the first time you saw that in a mail-order [25] catalog?

ANSWER: Approximately in 1995 — '95, 1995.

QUESTION: Was that before or after Dastar released "Campaigns in Europe"?

ANSWER: I saw this before.

(End of reading deposition testimony.)

BY MS. CENDALI:

Q. Now, Mr. Andersen, Plaintiff's Exhibit 3, the "Crusade in Europe" video set is about World War II, isn't it?

A. Yes.

Q. And you knew it was about World War II when you saw it in the catalog in 1995, didn't you?

A. Yes.

Q. Isn't it true, Mr. Andersen, that you consider other video sets about World War II to be in competition with video sets that Dastar produces about World War II?

A. That's not necessarily true.

MS. CENDALI: Mr. Hyman, let's look at page 85 of Mr. Andersen's deposition transcript at line 15.

QUESTION: Do you consider other video sets about World War II to be in competition with video sets Dastar produces about World War II?

Objection.

ANSWER: Yes.

(End of reading deposition testimony.)

[26] BY MS. CENDALI:

Q. Isn't it true, Mr. Andersen, that consumers interested in World War II might only be interested in purchasing a limited number of video sets about the period?

MR. HYMAN: Objection as to foundation. As to what purchasers might think.

THE COURT: I'm going to sustain that objection. I'll ask you to hold on for a minute because my computer just froze on me. It's nice that we have these modern ways of notetaking.

Okay. I'm back.

MS. CENDALI: I understand the problem, Your Honor all too well.

Q. Well, Mr. Andersen, would you agree that people are not likely to want two copies of the same video set about World War II?

MR. HYMAN: Objection again as to this person's foundation as to what people may or may not want.

THE COURT: Well, the witness is obviously in marketing. He must have some ideas about what people might want to buy so I don't think it's out of his area of expertise.

THE WITNESS: Would you ask the question again.

BY MS. CENDALI:

Q. Certainly. Would you agree that people are not likely [27] to want two copies of the same video set about World War II?

A. That's correct.

Q. You don't think consumers have unlimited resources to buy as many videos as they want, do you?

MR. HYMAN: Objection. As to foundation and speculation.

THE COURT: I think it's not relevant in any event. I'll sustain the objection.

BY MS. CENDALI:

Q. Now, Mr. Andersen, isn't it true that you believe consumers might be upset if they buy a video set about World War II only to find, to their surprise, that it utilizes a lot of the same footage as the other videos?

A. Correct.

Q. In fact, isn't it true that at one point you ordered stickers bearing the legend, quote, "Contains Film Footage from the Previously Released 'Crusade in Europe'" to put on Dastar's "Campaigns in Europe" for this reason?

A. That's correct.

Q. The sticker, by the way, just said that it contained footage from "Crusade in Europe," right? It didn't state that the "Campaigns" actually was "Crusade," did it?

A. That's correct.

Q. Isn't it true, though, Mr. Andersen, that Dastar only ordered those stickers in late January of 1997, more than a [28] year after "Campaigns" had been released?

A. Correct.

Q. And isn't it true that Dastar only placed a single order for 5,000 stickers even though it has sold almost 35,000 video sets?

A. I don't believe we had sold 35,000 at that point.

Q. But you only placed a single order for 5,000 stickers?

A. Correct.

Q. Now, Mr. Andersen, Dastar purchased a high-quality copy of the "Crusade in Europe" series in order to make "Campaigns," right?

A. Say that again. A high copy — a high-quality copy?

Q. That's right. Didn't Dastar purchase a copy of "Crusade in Europe" of sufficient quality that it could be mass produced?

MR. HYMAN: My objection is to what are we referring to "Crusade in Europe"? My objection is to what are we referring to.

THE COURT: I'm going to assume that your question is referring to the video series unless you say otherwise. Is that okay? Would that be accurate?

MS. CENDALI: Yes, Your Honor. I try in my questions to say the "Crusade in Europe" series to the extent possible. When I refer to the "Crusade in Europe" series, what I am referring to is the television series [29] "Crusade in Europe."

When I refer to the "Crusade in Europe" book, I mean the book. So to rephrase my question, if there is any ambiguity:

Q. Isn't it, in fact, true, Mr. Andersen, that Dastar purchased a high-quality copy of the "Crusade in Europe" series in order to make "Campaigns"?

A. The original films, yes.

Q. And isn't it true that Mr. Tarter, at your request, located a copy of the "Crusade" series and arranged to have it copied so that Dastar could mass produce it?

A. That's not correct.

Q. Mr. Andersen, Dastar had no role whatsoever in creating the documentary series "Crusade in Europe," did it?

MR. HYMAN: Again, objection, documentary series being the original TV series? I just — maybe perhaps, Your Honor, we could talk about the original TV series and —

THE COURT: As opposed to the video?

MR. HYMAN: As opposed to — there is the original TV series, there is the plaintiff's video package, and there is the defendant's video package. So if we're talking about the original 26 episodes, television films, that's what we're talking about as opposed to — I'd like to just try to define that so we don't have any ambiguity.

BY MS. CENDALI:

[30] Q. Mr. Andersen, isn't it true that Dastar played no part in creating the book "Crusade in Europe"?

A. That's correct.

Q. Isn't it true that Dastar played no role in creating the television documentary series that you saw in 1953 called "Crusade in Europe"?

A. That's correct.

Q. Isn't it true that Dastar played no role in creating Plaintiff's Exhibit 3, the video set "Crusade in Europe"?

A. That is correct.

Q. And you knew that Dastar had no role in creating either the "Crusade" book or the "Crusade" series at the time Dastar released "Campaigns in Europe," right?

A. Right.

Q. Mr. Andersen, I'd like you now to look at Exhibit 4, a seven-volume box video set called "Campaigns in Europe." May I approach, Your Honor?

THE COURT: Sure.

BY MS. CENDALI:

Q. (Handing exhibit to witness.)

A. Thank you.

Q. Do you recognize Exhibit 4, Mr. Andersen?

A. Yes, I do.

Q. What is it?

A. It's upside down. It is the "Campaigns in Europe" [31] World War II seven-volume set produced by Dastar.

Q. You approved the title "Campaigns in Europe"; isn't that right?

A. The title really is "World War II Campaigns in Europe." I approved that.

Q. And you approved the title, "World War II Campaigns in Europe" instead of using the phrase "Crusade in Europe" because you wanted to make Exhibit 4 look like a new work, right?

A. Not correct exactly. Ask me again.

Q. Well, isn't it true, Mr. Andersen, that you wanted to make your "Campaigns in Europe" look like it was a new product?

A. Okay, yes.

Q. Isn't it true that you approved the packaging on Exhibit 4, "Campaigns in Europe," on an overall basis?

A. Correct.

Q. Now, Exhibit 4 states at the bottom, doesn't it, "Produced and Distributed by Entertainment Distributing," right?

A. Correct.

Q. Is it fair to say that the packaging of "Campaigns" gives credit to Dastar and its dba?

A. Yes.

Q. No other entity or person is given any credit on the [32] packaging of "Campaigns," are they?

A. Marathon Music & Video.

Q. That is another Dastar dba, right?

A. Correct.

Q. Isn't it true that nothing on "Campaigns" packaging would tell the consumer that anyone else had any role?

A. That is correct.

Q. Isn't it true that at the time you approved the packaging, you knew that it only gave credit to Dastar and its dba?

A. Correct.

Q. Now, Mr. Andersen, do you recall that at your deposition last summer, I asked you if Dastar deleted the credits from "Crusade in Europe" in producing "Campaigns in Europe"?

MR. HYMAN: Objection as to the relevance of what he recalls.

THE COURT: Sustained.

MS. CENDALI: Your Honor, I'm trying to show he changed his testimony from his deposition so that the relevance of what he recalls is —

THE COURT: I just didn't hear you ask any question related to what you've indicated he said at his deposition.

MS. CENDALI: Okay.

[33] THE COURT: So we missed a step.

THE WITNESS: Ask again, please.

BY MS. CENDALI:

Q. Mr. Andersen, isn't it true that at your deposition I asked you if Dastar deleted the credits from "Crusade in Europe" in producing "Campaigns"?

A. I don't recall now.

Q. Well, let me refresh your recollection. Let's turn to page 195 of the deposition transcript at line 19.

MR. HYMAN: Excuse me, please. Go ahead.

BY MS. CENDALI:

Q. Do you recall that I asked you the question starting on line 19:

QUESTION: Now, turning to the content of the video "Campaigns in Europe" itself, am I correct that one of the things Dastar did was delete the credits from "Crusade in Europe" in producing "Campaigns in Europe"?

ANSWER: Yes, that is correct.

(End of reading of deposition testimony.)

Does that refresh your recollection?

A. Yes, it does. Because on a correction page 195, line 24, I changed my deposition after thinking about what you meant by credits.

Q. Isn't it true, Mr. Andersen, that after your deposition [34] last July, you had the opportunity to read your deposition transcript and make any corrections?

A. That's correct.

Q. And isn't it true that for a year after your deposition, you never made any corrections?

A. I couldn't tell you the timeframe.

Q. Well, isn't it true, Mr. Andersen, that just yesterday, the day before trial, your attorney sent us a correction to your July 27th, 1999, deposition transcript changing your answer to my question to state: Dastar did not delete any credits?

A. I couldn't tell you when he sent it to you.

Q. You have no reason to believe that's not true, though, correct?

MR. HYMAN: Objection. Argumentative.

THE COURT: Sustained.

BY MS. CENDALI:

Q. Now, Mr. Andersen, isn't it true that in making "Campaigns," Dastar intentionally deleted all of the references to General Eisenhower's book "Crusade in Europe"?

A. That is correct.

Q. And this included the images of the book that appeared before each of the 26 chapters, correct?

A. Correct.

Q. Dastar wanted to make "Campaigns" look like it was a [35] new product so it wanted to delete those images, right?

A. Correct.

Q. Now, please look again at Exhibit 4, the "Campaigns in Europe" video set.

A. (Witness complies.)

Q. Am I correct that Exhibit 4 bears a copyright notice stating: Copyright 1995 Dastar Corporation?

A. Correct.

Q. And Dastar put that notice on to give the impression that it was a new work that Dastar owned the rights to, correct?

A. Okay, correct.

Q. And nothing on that notice tells the consumer that the material inside came from 1949, does it?

A. That's correct.

Q. Now, Mr. Andersen, Dastar uses things like copyright notices because it wants to protect its intellectual property rights, correct?

A. Correct.

Q. Dastar does not like it when its right are infringed, does it?

A. Of course not.

Q. I'd like you to look at Exhibit 32, a document dated July 15, 1997, to the Legal Affairs Department of Marathon Music & Video, Dastar's dba, from New Line Video, SFM [36] Entertainment, and Twentieth Century Fox Film Corporation. You should have an exhibit binder which I see you are picking up.

A. Which volume is it in?

Q. It's the first volume which has Exhibits 1 through 70.

A. (Looking at document.) Yes.

Q. Do you have it in front of you, sir?

A. Yes.

Q. Do you recall Dastar receiving Exhibit 32 in late July of 1997?

A. Yes, I do.

Q. Exhibit 32 is the first cease and desist letter that Dastar got about "Campaigns in Europe"; is that correct?

A. Well, it's about two packages, "Campaigns in Europe" and "Campaigns in the Pacific."

Q. That's correct, Mr. Andersen. And isn't it true that this was the first letter that Dastar got about "Campaigns in Europe"?

A. Correct.

Q. Now, turning your attention to paragraph 2 of the letter, am I correct that it states:

> New Line, Fox and SFM together are the exclusive distributors of the originals throughout the world. Marathon's unauthorized and unlawful distribution of the pictures constitutes an [37] infringement of the copyrights and proprietary rights of New Line, Fox and SFM.
>
> Marathon's actions violate federal law as well as state common-law principles of conversion and unfair competition.
>
> In addition to the potential criminal penalties Marathon may face as a copyright infringer, Marathon may be liable for treble damages for willful infringement as well as attorneys fees and court costs in a civil action brought by Fox New Line and SFM.

Do you see that, sir?

A. Yes.

Q. Were you aware of that paragraph at the time when you got this letter?

A. Yes, I was.

Q. The letter warned you, didn't it, that Dastar might be liable for treble damages for willful infringement?

A. Yes.

MR. HYMAN: Objection, Your Honor, as to the letter speaks for itself.

THE COURT: I'll allow the question.

THE WITNESS: The answer is yes.

BY MS. CENDALI:

Q. Now, Mr. Andersen, am I correct that Exhibit 32 goes on [38] to make three demands of Dastar?

A. Correct.

Q. And am I correct that the first demand-request that, quote:

> Marathon immediately cease and desist from distributing and offering the pictures for sale or license and stop all advertising of the pictures, unquote.

Do you see that in the first numbered —

A. Correct.

Q. Dastar didn't do that, did it?

A. No, it did not.

Q. The second demand states that, quote:

> Marathon immediately surrender to New Line all copies of the pictures and any promotional materials relating thereto in its possession or control and identify and account to New Line, Fox and SFM for all sales or licenses of the picture.

Do you see that, sir?

A. Yes.

Q. Dastar didn't do that either, did it?

A. No, we did not.

Q. The third demand states that, quote:

> Marathon inform us in detail of both the [39] means by which Marathon obtained copies of the pictures and the names and addresses of the parties who provided you with the copies.

Do you see that, sir?

A. Yes.

Q. Isn't it true that Dastar didn't do that either, sir?

A. That's correct.

Q. Isn't it true, Mr. Andersen, that before this litigation was commenced, Dastar did not consult an attorney about the first cease and desist letter?

A. That's correct.

Q. Did Dastar at any time consult an attorney about the plaintiffs' claims of copyright infringement before this lawsuit was filed?

A. I don't believe so.

Q. Please turn to Exhibit 33, a letter dated July 29th, 1997, from Stephen Hebert, Dastar's controller, in response to the cease-and-desist letter. Do you see that, sir?

A. Yes.

Q. And is that the letter that Dastar sent back to the plaintiffs in response to Exhibit 32?

A. That's correct.

Q. Mr. Hebert sent that letter out with your approval, correct?

A. That's correct.

[40] Q. And Mr. Hebert is Dastar's controller and secretary, correct?

A. That is correct.

Q. Now, Exhibit 33 states, quote:

> We are in receipt of your joint letter dated July 15th, 1997. It is under review by our legal department.

Right?

A. Correct.

Q. Dastar didn't have a legal department in July 1997, did it?

A. Not directly, no.

Q. So that statement was false, wasn't it?

A. Well, that's up to interpretation what "legal department" means.

Q. Well, isn't it — let's turn back to your deposition at page 384, line 9.

A. (Witness complies.)

MS. CENDALI: (Reading:)

QUESTION: In July of 1999, (sic) 1998, did Dastar have a legal department?

ANSWER: An in-house legal department? Is that what you mean?

QUESTION: Yes.

ANSWER: No.

[41] QUESTION: Did EDI have a legal department?

ANSWER: No.

(End of reading deposition testimony.)

THE WITNESS: That's correct.

BY MS. CENDALI:

Q. Now prior to this lawsuit, Dastar never consulted a lawyer about Exhibit 33, did it?

A. That's correct.

Q. Now, Exhibit 33 goes on to state that Dastar has, quote:

> Halted the inclusion of our "Campaigns in Europe" and "Campaigns in the Pacific" in our retail account mix. We will maintain this position pending advice from our lawyers.

Do you see that, sir?

A. Yes.

Q. Now, Dastar did briefly halt "Campaigns"'s inclusion in its retail mix, right?

A. Correct.

Q. And Dastar did this by substituting another seven-volume video set it sells in the assortment that it sells customers, right?

A. That's correct.

Q. And all of Dastar seven-volume video sets are sold for the same price?

[42] A. Yes.

Q. And that price is approximately $25, correct?

A. That's correct.

Q. And a few weeks later, Dastar decided to return to including "Campaigns" in its retail account mix, correct?

A. That is correct.

Q. But despite what Dastar wrote in Exhibit 33 about omitting "Campaigns" from its retail account mix until receiving advice from its lawyers, Dastar did not consult with a lawyer before doing so, did it?

A. No, we did not.

Q. Now, Dastar made this decision on its own after receiving a document from the Library of Congress that the "Crusade in Europe" documentary was in the public domain, correct?

A. That is correct.

Q. And is Exhibit 34 the document that Dastar received from the Library of Congress on or about August 7th?

A. That is correct.

Q. But isn't it true that Exhibit 34 makes no mention of the copyright status of the book, "Crusade in Europe"?

A. That is correct.

Q. Now, turning back, if you would, again, to Exhibit 33, isn't it true that in that document Dastar requests that New Line, Fox and SFM provide it with the appropriate [43] documentation to support their assertion that they are the exclusive distributors of "Crusade"?

A. Correct.

Q. Now, let's turn to Exhibit 35.

A. (Witness complies.)

Q. Is Exhibit 35 a September 1997 letter from New Line responding to Dastar's letter Exhibit 33?

A. That is correct.

Q. Now, in Exhibit 35, New Line wrote back and said that plaintiffs were in the midst of gathering the information Dastar requested; and reiterated the request for Dastar to reveal where it got the dub for "Crusade in Europe," correct?

A. Yes.

Q. Dastar did not provide that information, did it?

A. Of course not.

Q. In fact, Dastar took no action after receiving Exhibit 35, correct?

MR. HYMAN: Objection, what is meant by "no action."

THE COURT: Sustained.

BY MS. CENDALI:

Q. Dastar didn't stop selling after it got Exhibit 35, did it?

A. No.

[44] Q. Let's turn to Exhibit 36.

A. (Witness complies.)

Q. Is that a letter from the plaintiffs to Mr. Hebert at Marathon Music & Video dated December 18, 1997?

A. Correct.

Q. And Exhibit 36 is the second cease-and-desist letter Dastar received regarding "Campaigns," isn't it?

A. Correct.

Q. Now, Mr. Andersen, isn't it true that you saw Exhibit 36, the letter dated December 18th, 1997, and its attachments shortly after the first of the year?

A. I don't believe that's correct. I saw this after the lawsuit was filed.

Q. Mr. Andersen, let's look at page 391 of your deposition transcript at line 24.

MR. HYMAN: If I could just have a second.

(Pause in the proceedings.)

MS. CENDALI: Are you there, Mr. Hyman?

MR. HYMAN: Yes.

MS. CENDALI: (Reading:)

QUESTION: Do you recall receiving this letter and its attachment on or about December 18, 1997?

ANSWER: Actually, I don't think I saw this letter until after the first of the year.

[45] (End of reading deposition testimony.)

BY MS. CENDALI:

Q. Now, in Exhibit 36, plaintiff supplied Dastar with the documents that Dastar requested supporting plaintiffs' claim to be the exclusive distributor of "Crusade," right?

MR. HYMAN: Objection as to — well, I'll withdraw the objection.

THE COURT: Okay.

THE WITNESS: Ask again, please.

BY MS. CENDALI:

Q. Isn't it true that in Exhibit 36 plaintiff supplied Dastar with the documents Dastar requested supporting plaintiffs' claim to be the exclusive distributor of "Crusade"?

A. I'll have to refresh my memory. Just a second. Yes. Related to both "Campaigns in Europe" and "Campaigns in the Pacific."

Q. The letter provided various letters confirming licenses and grants of rights; isn't that true?

A. Yes.

Q. Now, this second cease-and-desist letter, Exhibit 36, isn't it true that it expressly refers to the copyright of the book "Crusade in Europe"?

MR. HYMAN: Objection. The document speaks for itself, Your Honor.

[46] THE COURT: I'll allow the question.

THE WITNESS: Yes.

BY MS. CENDALI:

Q. And, in fact, isn't it true that the second cease-and-desist letter, Exhibit 36, attaches copies of the copyright registration and the renewal registration for the book "Crusade in Europe"?

MR. HYMAN: Objection. I think the document speaks for itself.

THE COURT: The document will be admitted into evidence and the court will examine it, but she is also entitled to ask the questions.

THE WITNESS: Yes, I believe it is.

BY MS. CENDALI:

Q. And you reviewed the attachments to that letter, didn't you, Mr. Andersen?

A. Yes.

Q. And isn't it true that nowhere in the letter do plaintiffs' claim to be relying on the copyright to the television series, "Crusade in Europe"?

A. I can't attest to that at all. I'd have to read it all over again.

THE COURT. We won't take the time to do it now.

THE WITNESS: Thank you.

BY MS. CENDALI:

[47] Q. Isn't it true, Mr. Andersen, don't you recall that this are no copyright registrations or renewals attached relating to the television series; just to the book?

MR. HYMAN: Objection, Your Honor. It would require the individual to go through the entire document.

MS. CENDALI: Only if you recall.

THE WITNESS: Ask it again.

BY MS. CENDALI:

Q. Isn't it true that the only copyright registrations attached relate to the book and not to the television series?

A. I believe that's true.

Q. Now, Mr. Andersen, isn't it true that Dastar never consulted a lawyer about Exhibit 36 until after this lawsuit was filed?

A. That's correct.

Q. Now, Exhibit 36, the second cease-and-desist letter, it reiterated the request for Dastar to stop selling "Campaigns," correct?

A. Yes, it did.

Q. And, in fact, on page 2 of the letter, the second sentence in the paragraph at the bottom of the page, it states:

> Again, we insist that you send New Line, Fox, SFM, HBO, and Time, Inc., written [48] confirmation of your client's compliance with the terms of our cease-and-desist letter.

Right?

A. Correct.

Q. Exhibit 36 also warned Dastar, didn't it, that if Dastar did not comply with the terms of the cease-and-desist letter, plaintiffs reserved their right to commence litigation, quote:

> To enjoin Marathon's infringing activity, disgorgement of all proceeds and materials, legal fees, punitive damages, and all other possible remedies.

Correct?

MR. HYMAN: Your Honor, I just object and would ask that the witness be allowed to see. If she could point to the portion of the document rather than have the witness try to search for it.

THE COURT: That would be helpful.

MS. CENDALI: Certainly.

A. Mr. Anderson, just continuing down in the paragraph that I just pointed you to. It then goes on to state:

> If we do not hear from you within ten business days of your receipt of the letter, we reserve the right to take all steps necessary to protect our interests, enforce our rights, and [49] exact the maximum punishment under the law including commencing appropriate legal action.

Do you see that, sir?

A. Yes, I do.

Q. But isn't it true, Mr. Andersen, that Dastar continued to sell the "Campaigns" even after receiving Plaintiff's Exhibit 36?

A. Yes, that's true.

Q. And isn't it true that Dastar never even responded to the second cease-and-desist letter, Exhibit 36?

A. That's correct.

Q. Now, Mr. Andersen, isn't it true that this lawsuit was filed by plaintiffs against Dastar on September 2nd, 1998?

A. I don't know the date. 1998.

Q. Would it be helpful if I showed you a file stamped copy of the lawsuit to refresh your recollection?

MR. HYMAN: Objection. I don't know if it would be helpful. The court can take judicial notice.

THE COURT: I can take judicial notice of the document.

MS. CENDALI: Thank you, Mr. Hyman, and Your Honor.

Q. Now, isn't it true, Mr. Andersen, that Dastar continued to sell "Campaigns" after this lawsuit was filed?

A. That is correct.

[50] Q. Now, isn't it true, Mr. Anderson, that after the lawsuit was filed Dastar contacted a copyright researcher named Eric Kulberg at a company called Universal Media to research the status of the copyright to the book, "Crusade in Europe"?

A. That's probably correct.

Q. And this was the first time, wasn't it, that Dastar made any effort to investigate the copyrights of the book "Crusade in Europe"?

A. That's correct.

Q. Now, please, if you would, take a look at Exhibit 37. Is that the report Dastar received from the copyright researcher it had retained?

A. That's correct.

Q. It's dated September 22nd, 1998, correct?

A. Correct.

Q. And that was a few weeks after this lawsuit was filed, right?

A. That's correct.

Q. Now, in that report, isn't it true at the bottom of the second paragraph, the last sentence, Mr. Kulberg, at Universal Media stated with regard to the book "Crusade in Europe," quote:

> It appears that Doubleday & Company has a solid copyright on that work and will hold it at [51] least until 2023.

Do you see that, sir?

A. Yes.

Q. And turning now to the second page of Exhibit 37, the second paragraph up from the bottom, the last sentence where it states:

> In any case, the underlying literary rights appear to be intact.

Do you see that, sir?

A. Yes.

Q. But isn't it true that Dastar continued to sell "Campaigns" after receiving Exhibit 37?

A. Correct.

Q. Please turn to Exhibit 40, Mr. Andersen. Is this a letter dated January 29, 1999, from Ronnie James, another of Dastar's copyright researchers?

A. Yes, it is.

Q. And attached to Mr. James' letter at the page in the handwritten notation pursuant to the Court Rules 40-2 is a page which states: "Crusade in Europe" head credit sequences. Do you see that?

MR. HYMAN: Excuse me. I object. Court Rules 40-2. I don't know if the witness understands that.

MS. CENDALI: Forgive me. I was referring to the practice and the local rules that we were to number the [52] exhibits consecutively. But just turn to page 2 of Exhibit 40.

THE WITNESS: Okay.

BY MS. CENDALI:

Q. And page 2 of Exhibit 40 says at the top: "Crusade in Europe" Television Series Head Credit Sequences. Correct?

A. Correct.

Q. And this was received by Dastar on or about January 29th of 1999, correct?

A. Correct.

Q. And did you understand these to be the credits for the television series "Crusade in Europe"?

A. No, because I never really paid any attention to the detail in this.

Q. Well, let's look at — turn to page 425 of your transcript. Starting at line 2.

QUESTION: Was this document supplied to you by Mr. James?

ANSWER: I believe so.

QUESTION: And did you understand these to be the credits for "Crusade in Europe," the television series?

ANSWER: Yes.

(End of reading deposition testimony.)

MR. HYMAN: I'd like the next question and answer [53] read, please.

THE COURT: All right.

MS. CENDALI: (Reading:)

QUESTION: And these were the credits that were deleted in the making of "Campaigns in Europe"; is that right?

ANSWER: I don't know that.

QUESTION: They don't appear in "Campaigns in Europe," though, right?

ANSWER: These don't.

(End of reading deposition testimony.)

BY MS. CENDALI:

Q. Now, it is true, then that none of the credits reflected in Exhibit 40 appear in "Campaigns," do they?

A. That's correct.

Q. Isn't it true, Mr. Andersen, that in March of 1999, Dastar manufactured nearly another 1,000 video sets of "Campaigns in Europe"?

A. That's correct.

Q. And this was after the lawsuit was filed, correct?

A. That is correct.

Q. And this was after Dastar received the document containing the credits for the television series "Crusade in Europe," correct?

A. That's correct.

[54] Q. And the new copies that Dastar made of "Campaigns in Europe" continued to omit any credits for anyone but Dastar, right?

A. That's correct.

Q. Isn't it also, true, Mr. Andersen, that as a result of this lawsuit, Dastar has never made any effort to recall "Campaigns in Europe" from its customers?

A. That's correct.

Q. And, in fact, despite this lawsuit Dastar continues to sell "Campaigns," right?

MR. HYMAN: Objection. It has been asked and answered.

THE COURT: Sustained.

BY MS. CENDALI:

Q. Now, Mr. Andersen, you are aware, aren't you, that this court rendered its summary judgment decision holding Dastar liable for infringement on January 6, 2000?

A. Yes.

Q. And Dastar learned of this court's decision on or about that time, correct?

A. I didn't learn until a little later than that. Late in the month.

Q. Isn't it true, Mr. Andersen, that despite this court's ruling on liability, Dastar still continued to sell "Campaigns"?

[55] A. That's correct.

Q. In fact, isn't it true, Mr. Andersen, that on Monday of this week, Dastar produced documents showing that it continued to sell "Campaigns" right through July of 2000?

A. I can't tell you that we sold them. We shipped some, but I can't tell you they were sales.

Q. Well, let's take a look at Exhibit 61-A, the document that we got on Monday.

A. (Witness complies.)

Q. That shows an outbound order in July, correct, sir?

A. It could have been replacements for defectives.

Q. Mr. Andersen, what are Dastar's approximate net assets?

A. Approximately $10 million.

* * *

[82] Exhibit No. 3, which is the plaintiff's video set, six-volume video set. Do you have that in front of you?

A. Yes.

Q. And have you seen this before, the box in the set?

A. Yes.

Q. When was the first time you had in your possession Exhibit No. 3, the box with the videos in it?

A. After the lawsuit was filed.

Q. How did you get it?

A. We ordered it from a mail-order company.

Q. How much did you pay?

A. I believe it was $99 plus handling, shipping.

Q. When you examined it on the bottom, did you notice any copyright notice?

A. Yes. There is a 1993 New Line Home Video sold exclusively by Columbia Tristar Home Video.

* * *

* * * [88]Mr. Andersen, I would like, if you would, please, to go to Exhibit 26.

A. (Witness complies.)

Q. Do you have Exhibit 26 in front of you?

[89] A. Yes, I do.

Q. What is it?

A. It's a purchase order to Rose City Label from Entertainment Distributing for oval stickers. It's a "Crusade in Europe" and "Crusade in the Pacific."

Q. And when did EDI order these stickers?

A. The end of July, 1997. In January, I mean, 1997.

Q. January of 1997? And why did you order these stickers?

A. Well, it had come to my attention by my national sales manager that there was — I couldn't tell you where or what — but copies of "Crusade in Europe" out for sale at various accounts around the country.

Q. When did it come to your attention?

A. January of '97.

Q. How did it come to your attention?

A. My sales manager informed me.

Q. Before that time, were you aware of any videos called "Crusade in Europe" or "Crusade in the Pacific"?

A. Yes.

Q. When?

A. "Crusade in Europe" back some point in '95. "Crusade in the Pacific," I had not seen any at that time.

Q. Why did you undertake to have these stickers made?

A. Well, my feeling was that if somebody had purchased "Crusade in Europe" already from some other source, [90] different customers, mail-order, that if they purchased our package, that the possibility of a lot of the same footage being in it, that they might not be happy. So I was willing to help the consumer out and provide the information to avoid an unhappy customer.

Q. Now, it says — page 2 of Exhibit 26. Do you see that?

A. Yes.

Q. And what's that?

A. That's a copy of the text that appeared on the sticker.

Q. And it says "Contains Film Footage from the Previously Released 'Crusade in Europe'". What did you do with the 5,000 stickers?

A. Applied them to approximately 5,000 sets over the course of a few months.

Q. And did you order any more stickers?

A. No, we did not.

Q. Why not?

A. Well, basically, my people said: Why are we doing this? We haven't had any complaints. Nobody has called us. It's a waste of time and a waste of money. So we stopped doing it.

* * *

[103] Q. Would you look at schedule 100-7, please.

A. (Witness complies.)

Q. Do you have that in front of you?

A. Yes.

Q. Have you seen that before?

A. Yes.

Q. Item No. 4 says: Total units sold. What is that number?

A. 35,566.

Q. Do you know what that number consists of?

A. Yes. Schedule 61-1-A and 100-1 combined.

Q. What does that number represent?

A. Total net sales of units for "Campaigns in Europe."

Q. From when to when?

A. From the inception to July, 2000.

* * *

[114] Q. What consideration, if any, Mr. Andersen, when Dastar received Exhibit 32 as to whether it was violating state unfair competition law?

A. None. No consideration.

Q. Now, you also testified, I believe, that you thought that there was nothing left of the book in "Campaigns" after you took out the title and the references to the book; is that right?

A. That's correct.

Q. But you kept all the narration from "Crusade in Europe," didn't you?

A. Yes. Well, not all of it, no.

MR. HYMAN: Objection as to foundation.

MS. CENDALI: This witness has already testified on Mr. Hyman's exam that he has done this comparison, et cetera.

THE COURT: Well, the question that he kept the narration. I'm not sure that the evidence is clear as to who made the editing decisions so I'll sustain the objection.

BY MS. CENDALI:

Q. Mr. Andersen, you are aware, aren't you, that there isn't a line of narration in "Campaigns in Europe" that did not come from "Crusade in Europe"'s video, the "Crusade in Europe" documentary?

[115] MR. HYMAN: Could we have that read back, please.

(Record read.)

MR. HYMAN: Well, objection. It says "Crusade in Europe" video, "Crusade in Europe" documentary. I object to that as ambiguous. We're talking about the 26 television episodes.

THE COURT: You want to restate it?

MS. CENDALI: I attempted to clarify my question. I will now.

Q. Mr. Andersen, isn't it true that there isn't a line of narration in Dastar's "Campaigns in Europe" video set that did not come from the documentary television series "Crusade in Europe"?

A. You'll have to be more explicit than that.

Q. Are you aware of any narration whatsoever matching the footage that is in the package that you sold, "Campaigns in Europe," that Dastar wrote itself?

A. No.

Q. And isn't it also true that the only images that Dastar included new in the "Campaigns in Europe" video set it sold were images of the credits, the chapter titles, and eventually the couple of minute wraparounds that it had Dale Reed do?

A. What was the question?

MS. CENDALI: Could we read it back, please.

[116] (Record read.)

THE WITNESS: That is correct.

* * *

* * * [124] DIRECT EXAMINATION

BY MS. CENDALI:

Q. Good morning, Mr. Tarter.

[125] A. Good morning, counselor.

Q. Mr. Tarter, you're a full-time employee of Dastar, correct?

A. Correct.

Q. Now, Dastar, the company you work for, is one of the defendants in this action, right?

A. Correct.

Q. You understand that I represent the plaintiffs in this action?

A. Yes, ma'am.

Q. Now, Mr. Tarter, your current title is director of video acquisitions at Dastar, correct?

A. Yes.

Q. In that capacity, you are in charge of the video division, right?

A. Yes.

Q. And as the person in charge of Dastar's video division, you are responsible for acquiring video product, assisting with graphics for the product, and then turning it over to Dastar sales department, right?

MR. HYMAN: Objection as to relevance as to his activities.

THE COURT: It's just foundational. Overruled.

THE WITNESS: Would you repeat some of that?

MS. CENDALI: Sure.

[126] Q. Your responsibilities include acquiring video product, assisting with graphics for the product and then turning the product over to Dastar sales department, right?

A. That's correct.

Q. You don't have any marketing role with the company, correct?

A. Correct.

Q. Now, isn't it true that most of the video product that comes out of Dastar's video division is based on archival footage?

A. That is correct.

Q. Now, as head of Dastar's video division, you report directly to Mr. Norman Andersen, the president of Dastar, correct?

A. That is correct.

Q. And isn't it true that you've known Mr. Andersen, your boss and the president of Dastar, for approximately 25 years?

A. That is correct, also.

Q. And you consider him a friend of yours, right?

A. Yes.

Q. Isn't it true that you approached Mr. Andersen in 1995 about Dastar's possibly getting involved in the video business?

A. It was mutual conversation, yes.

[127] Q. You had been a freelance video producer for about twelve years before you and Mr. Andersen spoke about Dastar getting into the video business, right?

A. We spoke quite a few times about going into the business, yes.

Q. It's true, prior to 1995, you had been a freelance video producer for about twelve years, right?

A. That is correct.

Q. And in roughly 1995, you and Mr. Andersen began discussing the expansion of Dastar from music CDs to videos, right?

A. Yes.

Q. And you also discussed possible specific video projects that the two of you might undertake, correct?

A. Correct.

Q. And one of the possible video projects you and he discussed related to the television series "Crusade in Europe," right?

A. Correct.

Q. You and he were both familiar with the series "Crusade in Europe" because you had both watched it on television when you were youths, correct?

MR. HYMAN: Objection as to Mr. Tarter's foundation as being able to state what Mr. Andersen felt.

THE COURT: Mr. Andersen testified to it and I'm [128] sure if they spoke to each other, he can testify to that as well.

THE WITNESS: Yes, we both reminisced about the 50s show.

BY MS. CENDALI:

Q. And isn't it true, Mr. Tarter, that you told Mr. Andersen that one of the reasons you were interested in the series "Crusade in Europe" was that based on your experience you knew that war sells?

A. That is true.

Q. Isn't it also true, Mr. Tarter, that when you first saw the "Crusade in Europe" series on television as a youth, you were aware that it was based on General Eisenhower's book "Crusade in Europe"?

A. Yes.

Q. In fact, you knew it was based on General Eisenhower's book because each episode of the "Crusade in Europe" series began by showing General Eisenhower and a portion of his book, right?

A. That is correct.

Q. So you were also aware in 1995, prior to Dastar's release of "Campaigns in Europe," that the "Crusade in Europe" series was based on General Eisenhower's book "Crusade in Europe," right?

A. Yes.

[129] Q. But before Dastar released "Campaigns in Europe," isn't it true that you never checked on the copyright status of General Eisenhower's book?

A. On the book specifically, no.

Q. Instead, you just checked on the copyright status of the "Crusade in Europe" television series, right?

A. That is correct.

Q. Please turn to Exhibit 41 in the rather thick binder in front of you?

A. (Witness complies.)

Q. Is that an excerpt from a book you own called *Film Super List*?

A. That's a couple of pages from *Film Super List*, that's correct.

Q. Is this part of what you used to check the copyright status of the "Crusade in Europe" series?

A. That is correct.

* * *

* * * [132] Q. Prior to the release of "Campaign," did you ever consult an attorney about whether Dastar's use of the "Crusade" series would infringe on anyone's rights?

A. No, ma'am.

Q. And am I correct that prior to the release of "Campaigns," you never consulted an attorney as to the copyright status of General Eisenhower's book, "Crusade in Europe"?

A. That is correct.

Q. Now let's turn to the subject of credits. You claim that the master recordings of the "Crusade in Europe" series [133] that Dastar duplicated did not have any credits on them, right?

A. Yes, ma'am.

Q. Now, do you recall that I took your deposition last July in Eugene, Oregon?

A. Yes, ma'am.

Q. Now, isn't it true that at that deposition I asked you if Dastar still had the master recordings of the "Crusade" series that it used to make the "Campaigns"?

MR. HYMAN: Objection, Your Honor, of what — I think it's an improper question to ask this witness as to what he was asked. If she has a question —

THE COURT: I think we can treat it as foundational. I think she was just getting into the general subject.

THE WITNESS: Could you repeat it, please.

BY MS. CENDALI:

Q. Isn't it true that at your deposition I asked you if Dastar still had the master recordings of the "Crusade" series that it used to make "Campaigns"?

A. You did ask that question.

Q. You answered, didn't you, that Dastar didn't have them and didn't know who did?

A. That's correct.

Q. And later in your deposition I asked you if the masters [134] could have been sent to L.A. Video Grams, right?

A. Yes.

Q. And you replied that you didn't remember, right?

A. Okay.

Q. Now, after your deposition, you had the opportunity to read it and make any corrections, correct?

A. That is correct.

Q. But isn't it true that it wasn't until Tuesday of this week did you send in a correction to your deposition stating that Dastar had, in fact, sent the dubs to L.A. Video Grams, right?

A. No. I made my corrections as soon as I got the deposition approximately ten months ago or eleven months ago.

Q. So it's news to you that we only got them yesterday, right?

A. That is correct.

Q. Now, isn't it true that I specifically asked Dastar to produce the master recordings it used to create "Campaign"?

MR. HYMAN: Objection as to what this — the attorney asked Dastar as to what this witness would know about that.

THE COURT: You can answer if you know.

THE WITNESS: I don't know about you asking Dastar.

[135] MS. CENDALI: Let me try a different question.

Q. Isn't it true that at your deposition, when you were sitting there, I specifically called for the production of the master recordings Dastar used?

A. Yes, you did.

Q. But the master recordings were never produced, were they?

A. No.

Q. Let's please turn to Exhibit 40.

A. (Witness complies.)

Q. Is this a document dated January 29, 1999, that you received from Ronnie James, proprietor of the original film library?

A. Correct.

Q. And Mr. James is one of Dastar's copyright researchers, right?

A. That is correct.

Q. And am I correct that you asked Mr. James to provide you with information that led to him sending you this letter?

A. You are correct.

Q. Now, Exhibit 40 contains a list of the credits for the "Crusade in Europe" series, doesn't it?

A. Yes, it does.

Q. And you got Exhibit 40 on or about January 29th of [136] 1999, right?

A. January, yes, on or about, yes.

Q. So even if, as you claim, there were no credits on the "Crusade" master tapes you used for "Campaign," you could have gotten a complete list of the credits from Mr. James at anytime including prior to Dastar's release of "Campaigns" in 1995?

MR. HYMAN: Well, objection. Calls for speculation as to what he could have done or what Mr. James could have provided.

THE COURT: I don't know how long your relationship was with Mr. James or what you've used him for or when. But I think you can answer that question based on your experience.

THE WITNESS: My experience says that the films that I examined didn't have any credits. I don't know why I would have called him about other credits when there were no credits on the films that I had.

BY MS. CENDALI:

Q. Mr. Tarter, isn't it true that there was publicly available information that you could have accessed in 1995, if you wanted to, to ascertain the credits for the "Crusade in Europe" series?

A. That is correct.

Q. Now, let's turn back for a minute to Exhibit 41, the [137] excerpt from the book you used to check the copyright status of the series.

A. (Witness complies.)

Q. It identifies the copyright holder for the "Crusade" series as Twentieth Century Fox Film Corporation, doesn't it?

A. Yes, it does.

Q. So your own book that you used in 1995 to research the copyright status of the series shows you that Fox was involved with the "Crusade" series, right?

A. Yes, it does.

Q. And that would have also been a clue as to what credits to include, correct?

A. If I were looking for credits, it would be, yes.

Q. But you weren't looking for credits, right?

A. That's true.

Q. Now let's turn to Exhibit 6.

A. (Witness complies.)

Q. Is Exhibit 6 the list of credits included in Dastar's "Campaigns in Europe" series?

A. Yes, it is.

Q. You drafted the credits for "Campaigns" as shown on this list, didn't you?

A. Yes, I did.

Q. And the people you listed on the credit list are the [138] only people given any credit for creating and producing "Campaigns," right?

A. That is correct.

Q. And isn't it true that the only people you included on that list are you, your boss Norman Andersen, and your assistant Barbara Kaye?

A. I included Barbara Kaye who was my assistant, my future boss Norman B. Andersen and myself, that is correct.

Q. But, Mr. Tarter, you weren't involved in the creation of the "Crusade in Europe" series, were you?

A. No, I wasn't.

Q. And to your knowledge, neither Mr. Andersen nor Miss Kaye was involved in the creation of the "Crusade" series, were they?

A. Not the original series, no.

Q. And you knew at the time that you created these credits that neither you, nor Mr. Andersen, nor Miss Kaye were involved in creating the "Crusade" series when you drafted these credits?

A. Creating the original shows? No, ma'am.

Q. Please turn to Exhibit 8.

A. (Witness complies.)

Q. Are these the credits that are used on each video in the "Crusade in Europe" video series, Exhibit 3?

A. I don't have any idea.

[139] Q. Did you ever look at Exhibit 3, the "Crusade in Europe" video series?

A. Yes, I did.

Q. Was that after your deposition?

A. That's correct.

Q. Am I correct, though, Mr. Tarter, that none of the entities and individuals listed on Exhibit 8, the credit list, are listed in Dastar's credits for "Campaigns in Europe"?

A. That is correct.

Q. So isn't it true, Mr. Tarter, that no one viewing Dastar's "Campaigns in Europe" would have any reason to know that any of the individuals listed in Exhibit 8 were involved in creating your distributing "Crusade in Europe"?

MR. HYMAN: Objection, Your Honor, as to what when? Are we talking about "Crusade in Europe" the video or are we talking about "Crusade in Europe" the TV shows again?

BY MS. CENDALI:

Q. No one would have any idea they were involved in either the video or the series, correct?

MR. HYMAN: I object, Your Honor, as to who these credits are referring to. I want to just be clear that referring to these credits on Exhibit 8, are we referring to the "Crusade in Europe" TV shows or are we referring to the "Crusade in Europe" videos?

[140] THE COURT: I think there is a foundational problem because my understanding is the witness was shown Exhibit 8 and he didn't seem to know what it was. So I don't know how he can testify as to what its significance is. Maybe I missed an answer but I didn't hear it.

MR. HYMAN: My objection also was assumes facts not in evidence that these individuals were involved in any way at all in the television series.

THE COURT: Sustained.

BY MS. CENDALI:

Q. Mr. Tarter, isn't it true that there is nothing in Dastar's "Campaigns in Europe" that would tell viewers that "Campaigns in Europe" was derived from "Crusade in Europe"?

MR. HYMAN: Again, Your Honor, objection. Are we talking about the television series?

MS. CENDALI: I will ask it both ways, Your Honor.

Q. Isn't it true that there is nothing in Dastar's "Campaigns in Europe" that would tell its viewers that "Campaigns" was derived from the television series "Crusade in Europe"?

A. That is true.

Q. And isn't it also true, Mr. Tarter, that there is nothing in Dastar's "Campaigns in Europe" that would tell viewers that it was derived from General Eisenhower's book "Crusade in Europe"?

[141] A. That is true, also.

Q. And there is certainly nothing in Dastar's "Campaigns in Europe" that references the video series "Crusade in Europe," correct?

MR. HYMAN: Well, objection as to — I'll withdraw the objection.

THE WITNESS: There is no reference to the video series. That's correct.

BY MS. CENDALI:

Q. Mr. Tarter, isn't it, in fact, true that you and Mr. Andersen decided to delete all references to General Eisenhower's book in "Campaigns in Europe"?

A. We decided to take out all material that would interfere with the flow of the product; and that particular segment did interfere, in my estimation, so we did delete all reference to the book, the covers and a few other things.

Q. So I am correct, then, you did decide to delete all references from the book from "Campaigns in Europe," correct?

A. You are correct.

Q. And, in fact, didn't you actually delete the General Eisenhower — in fact, didn't you actually delete the image of General Eisenhower's book from "Campaigns" in at least 26 places at the beginning of the series and before each [142] chapter title?

A. That is correct.

Q. And isn't it true that you Mr. Andersen decided to delete all references to General Eisenhower's book in order to eliminate any possible stumbling block as to the creation of a new product?

A. Are you quoting me with those fingers in "stumbling block"?

MS. CENDALI: I was intending to, sir.

THE WITNESS: I thought you were. Yes.

BY MS. CENDALI:

Q. And you also made a decision to delete any references to the "Crusade" television series, right?

MR. HYMAN: Objection. That assumes that there was a reference to the television series.

THE WITNESS: Could you restate, please.

THE COURT: Yes, please.

MS. CENDALI: Okay.

Q. Let me ask it another way. Isn't it true that you wanted to put distance between "Campaigns in Europe" and the "Crusades" television series?

A. No. That never came up.

Q. Turning to your deposition —

A. Do I have that here?

Q. Yes, you should. Page 86.

[143] MR. HYMAN: Your Honor, let me lodge one with the court here. May I approach to assist the court?

THE COURT: Do you have a copy for the witness?

MR. HYMAN: Yes.

THE COURT: I can give it to him.

MR. HYMAN: I'll give him the extra copy. Thank you very much.

THE WITNESS: I have the deposition.

MS. CENDALI: Okay.

Q. At your deposition on page 86, line 17, I asked you the question:

QUESTION: Would you agree that the other titles that you mentioned such as "Victory World War II" are less similar to "Crusade in Europe" than "Campaigns in Europe"?

And then there is an objection; and then on page 87, line 1:

ANSWER: We would — I was never conscious of putting any connection to "Crusade in Europe." If anything, I was looking to put distance from the television show because we were making a brand new production.

(End of reading deposition testimony.)

Do you see that?

A. Yes.

[144] Q. So you were trying to put distance between the "Crusade" show, correct?

A. From my testimony, yes.

Q. You wanted to make "Campaign" look like it was a brand new product, didn't you?

A. That is true.

Q. In fact, you wanted to make "Campaigns in Europe" appear all new even though you knew that it contained hours of footage taken from "Crusade in Europe," right?

A. That is correct.

Q. Now, it's true, isn't it, Mr. Tarter, that you were aware that the original "Crusade in Europe" television series had credits to people other than yourself, Mr. Andersen, and Miss Kaye?

A. Was I aware? No. I assumed they had but I can't state for a fact that they did.

Q. Most things have credits, right?

MR. HYMAN: Pardon?

BY MS. CENDALI:

Q. Isn't it true that in your experience as a video producer most finished video products contain credits?

A. That is correct.

* * *

[159] Q. Well, when you said — that's not a good question. Let me ask this question. When you said it was your intention to remove all references to the book, what were you removing when you thought you were removing all references to the book?

A. I was removing the on-camera, on-film references to the book. The actual book, the pictures, the highlighting of the pages, that's what I was removing.

* * * *

EXCERPTS FROM TRANSCRIPT OF PROCEEDINGS DATED AUGUST 10, 2000

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

THE HON. FLORENCE-MARIE COOPER,
JUDGE PRESIDING

No. CV-98-7189-FMC(Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, and NEW LINE HOME VIDEO, INC., a New York corporation,

Plaintiffs,

vs.

DASTAR CORPORATION, an Oregon corporation, ENTERTAINMENT DISTRIBUTING, an Oregon corporation, and MARATHON MUSIC & VIDEO, an Oregon corporation,

Defendants.

* * *

(Commencing at page 209)

Q. Isn't it true that your only basis you had for what General Eisenhower's thoughts were were from the copy you made of the "Crusade in Europe" series?

A. Isn't it true — I don't quite get what you're asking me.

Q. Why did you put — why did you title Volume 7 of the "Campaigns in Europe" video set that Dastar sold "Eisenhower's Thoughts"?

A. After examining the master I had, that appeared to be a very appropriate title for that video.

Q. Thank you, Mr. Tarter.

Now, Mr. Tarter, you claim that —

A. Whoops.

Q. — that "Campaigns" is a new and different work from [210] the "Crusades" series, right?

A. Yes, ma'am.

Q. But isn't it true that the only things Dastar added to the "Crusade" masters were, one, new chapter titles which you added after you deleted the image of General Eisenhower's book; two, a couple of minutes of introductory wraparounds on the title sequence; three, a couple of minutes of music and radio clips that played with your titles and; four, credits to yourself and others at Dastar?

A. You are describing what we added, that is correct, plus our graphic — four-color, three-dimensional graphic.

Q. And the graphic, you mean is the thing that says "Campaigns in Europe" at the beginning, right?

A. That's correct.

Q. Now, with respect to the chapter titles, "Campaigns" had 26 chapter titles, right?

A. Yes, ma'am.

Q. And "Crusade" has 26 chapter titles, right?

A. Yes, ma'am.

Q. And isn't it true in selecting the chapter titles for "Campaigns" you just retitled the chapter titles from "Crusade"?

A. That is correct.

MR. HYMAN: Objection. What is meant by "retitling"?

[211] THE COURT: Overruled.

THE WITNESS: That's correct.

BY MS. CENDALI:

Q. So, for example, the chapter title of "Campaigns," "Footsteps to War," corresponds to the chapter title in "Crusades," "Prelude to War"; is that correct?

A. That is correct.

Q. And "Campaigns's" "Wake Up America" is "Crusades's" "America's Unpreparedness"?

A. That's correct.

Q. And "Let's Go USA" in "Campaigns" is "Crusades's" "America Goes to War"?

A. Yes.

THE COURT: We have enough.

MS. CENDALI: You get the idea.

Q. Am I correct that the chapter title sequences, that you testified that Dastar added, last for only approximately ten seconds?

A. I believe that's correct.

Q. So with 26 chapter title sequences, that is approximately 260 seconds total, right?

A. For that particular segment, yes.

Q. So the new chapter title sequences that you added last for a total of approximately four minutes and 20 seconds?

A. On a reel roll, yes.

[212] Q. And the music and radio clips you talked about that played at the same time, that's part of the four minutes, 20 seconds?

A. Yes, ma'am.

Q. Now, turn to Exhibit 23 in your other binder which is the script that you wrote. I believe you testified that you wrote the wraparound that Dale Reed narrated.

A. Yes. I have it in front of me.

Q. And just to confirm, Dale Reed is not a military historian, correct?

A. No. He's an ex-marine.

Q. More recently, isn't he a retired Oregon radio personality?

A. That is correct.

Q. But you wrote the script for Mr. Reed's introductions, right?

A. Yes, I did.

Q. And isn't it true that Dale Reed's scripts consist of nothing more than one paragraph that he repeated verbatim at the beginning of each "Campaigns" volume and then one shorter paragraph that was specific to each volume?

A. I wrote it in one paragraph, but it certainly was more than one paragraph's work.

Q. Well, you prepared Exhibit 23, didn't you, sir?

A. Originally, yes.

[213] Q. Yeah.

Q. And you wrote it as eight paragraphs, right?

A. That's how you write a script. It's different from a letter or a book.

MR. HYMAN: Your Honor, I would say the document pretty much speaks for itself on the content and what it is.

THE COURT: I agree, yes.

BY MS. CENDALI:

Q. And the only words, then, that Dastar added to "Campaigns" were in the wraprounds, correct?

A. That's correct.

Q. Isn't it true that the wraprounds simply introduced the viewer to what the rest of the videotape is going to be?

A. Absolutely.

Q. And isn't it true that when Dastar originally released "Campaigns" in October of 1995, "Campaigns" didn't have these wraprounds?

A. That is correct.

Q. The wraprounds were added or weren't filmed until approximately September of 1996, correct?

A. That is correct.

Q. Now, Dastar didn't destroy any of the inventory it might have had on hand with the previous version of "Campaigns" before it did the wraprounds, did it?

A. It's not my area. I don't know.

[214] Q. But you never heard that they did that, right?

A. That's correct.

Q. And isn't it true that to your knowledge Dastar never produced any documents showing how many copies of "Campaigns" it sold before the wraparounds were added as compared to after the wraprounds were added?

MR. HYMAN: Objection as to foundation.

THE COURT: Sustained.

MS. CENDALI: Counsel, will you stipulate that Dastar never produced any documents indicating how many units were sold prior to adding the wraprounds?

MR. HYMAN: No. I can't stipulate to that.

MS. CENDALI: Okay. We will deal with that in closing argument, then.

Q. So all of the narration in "Campaigns" came from "Crusade" then, right?

MR. HYMAN: Objection. Argumentative.

THE COURT: Overruled.

Other than the narration and the wraprounds?

MS. CENDALI: Yes.

THE WITNESS: Other than that, yes, that's correct. Thank you, Your Honor.

BY MS. CENDALI:

Q. All of the music in "Campaigns" that accompanies everything but the chapter titles came from "Crusade"?

[215] A. Right. What little there was, yes.

Q. And other than moving the "Crusade" series recap from the end to the beginning of "Campaigns," you didn't make any other changes to the sequence or order of the footage, right?

A. No. That was the chronological order of the war so I didn't touch it.

MS. CENDALI: I think the evidence speaks for itself on that.

MR. HYMAN: Objection, Your Honor. This is not time for argument.

MS. CENDALI: It's also not time for — then move to strike for nonresponsiveness.

THE COURT: The latter portion of the answer is stricken.

BY MS. CENDALI:

Q. Now, Mr. Tarter, when I questioned you yesterday and asked you if you had deleted references to the "Crusade" series, there was a foundation objection and I withdrew the question. Do you remember that?

A. No.

Q. Well, Mr. Tarter, you testified yesterday in response to Mr. Hyman's questioning that the copy of the "Crusade" series that you arranged for Dastar to duplicate had the original opening logo of the TV show, right?

[216] A. It had the logo the "Crusades in Europe" that we just saw, yes.

Q. That was the logo from the TV show, right?

A. Yes.

Q. So that was in reference to the "Crusade" television series, right?

A. Yes, ma'am.

Q. And you deleted it, right?

A. Yes, ma'am.

Q. Now, Mr. Tarter, you also testified yesterday that you included a special thanks to the U.S. National Archives in "Campaigns."

A. Yes.

Q. But isn't it true, Mr. Tarter, that Dastar never got any footage from the National Archives to create "Campaigns"? Everything it got came from the "Crusades" series?

A. That is correct.

Q. Isn't it true, Mr. Tarter, that by putting in the special thanks for the National Archives, Dastar was trying to create the false impression, just like it did when it included a 1995 copyright notice, that Dastar had created the work itself?

MR. HYMAN: Objection, Your Honor. That's argumentative. It is also duplicative.

[217] THE COURT: Overruled.

You may answer.

THE WITNESS: That was not my intention, no.

BY MS. CENDALI:

Q. I'd like you to look, if you would, at Exhibit 41 which Mr. Hyman questioned you about yesterday.

A. Yes, ma'am.

Q. Now, Exhibit 41 is an excerpt taken from Exhibit 56 which is the physical copy of the book entitled "Film Superlist, Motion Pictures in the U.S. Public Domain, 1950 to 1959"; is that right?

A. That is correct.

Q. You testified yesterday when Mr. Hyman questioned you that you relied on the "Superlist" book in concluding that the "Crusade" series was in the public domain and you could copy it?

A. That's correct.

Q. In fact, didn't you say that you concluded that you could copy this "Crusade" series because there was an "N" by the title "Crusade in Europe," in Exhibit 41, which meant the copyright wasn't renewed?

A. Correct.

Q. Am I correct, Mr. Tarter, that you've relied on the Superlist book in other circumstances in working with Dastar as to whether to proceed with video projects?

[218] MR. HYMAN: Objection. Relevance.

THE COURT: Overruled.

THE WITNESS: I have used the book extensively.

BY MS. CENDALI:

Q. So you used it many times, not just working for Dastar, but prior to that in your career as a film producer; is that right?

A. Yes.

Q. And is it fair to say that the Superlist book has been important to you in your work?

A. Yes.

MS. CENDALI: Your Honor, may I approach and hand the witness a physical copy of the book, Exhibit 56?

THE COURT: Sure.

MS. CENDALI: Your Honor, because the binders we all prepared only have a place saver for the physical copy, it would facilitate the examination if I could hand up to the court and to Mr. Hyman additional excerpts from the book since we only have one copy of the physical. Is that all right?

THE COURT: That's fine.

MS. CENDALI: Thank you very much.

Your Honor, we have taken the liberty of three-hole punching them in case you wish to put them in the binder.

[219] THE COURT: Okay.

BY MS. CENDALI:

Q. I'd like you, Mr. Tarter, to turn to page IV of the book. Do you see that?

A. Yes, ma'am.

Q. Now, a quarter down the page, do you see the word "Warning"?

A. Yes.

Q. It's in bold print, isn't it?

A. That's correct.

Q. And there is an exclamation point after it, right?

A. Yes, ma'am.

Q. And it's double-scored, right? Two lines under the word "Warning"?

A. Yes, ma'am.

Q. And underneath the word "Warning" is a list of fifteen items, correct?

A. That is right.

Q. Please take a look at warning item No. 4. Am I correct that this warning state's, quote:

> Films may be covered by underlying copyrights, books, plays, et cetera.

Is that correct?

A. That is correct.

Q. Going down to warning item No. 12. Am I correct that [220] it states, quote:

> A motion picture is a bundle of rights. This book concerns just one of those rights, the presence or absence of copyright of the film for the renewal period. Learn about other rights. Unquote.

Do you see that, sir?

A. Yes, ma'am.

Q. Isn't it true that these warnings put you on notice, Mr. Tarter, that you should investigate the copyright status of a film's underlying work before copying it?

MR. HYMAN: Objection, Your Honor. I'll let it stand. Excuse me. I withdraw the objection.

THE WITNESS: It certainly says that.

BY MS. CENDALI:

Q. Please turn to page 512 of Exhibit 56.

A. (Witness complies.)

Q. The page numbers are at the bottom, several pages in. I'd like you to look at the right-hand column at the top where it says "potential problems." Do you see that heading?

A. Yes, I do.

Q. I'd like to read from that column beginning where it says "problem one" right under those five lines of stars, horizontal stars. It says, quote:

> [221] An underlying copyright first in time may be a book. Second in time may be a motion picture. Third in time may be a copyright renewal of the book. Fourth in time may be the last day of the period during which the motion picture copyright may be renewed. Possibly the copyright was not renewed for the motion picture. The owner of the copyright on the book can sue the public domainer who first uses the — who uses the public domain film.

Do you see that, sir?

A. Yes, ma'am.

Q. And then the problem then concludes, quote:

> "Superlist" never indicates whether the copyright in the underlying work was renewed.

Do you see that, sir?

A. Yes, ma'am.

Q. Do you see how "underlying" is underlined?

A. Yes, ma'am.

Q. Isn't it true, Mr. Tarter, that the potential problem section of your book, Exhibit 56, puts you on notice that you should investigate the copyright status of the film's underlying work before copying it or risk being sued?

A. That's what it states.

Q. Let's turn to page 513 of Exhibit 56. Please take a [222] look at the left-hand column. Do you see the heading entitled "Communications From Readers"?

A. Yes, ma'am.

Q. I'd like you to read right below that where it says Communication No. 1. Quote:

> "Film Superlist shows no renewal of copyright in the film. I have received a notice from a publisher who claims that he owns the underlying copyright in the short story.

Then it goes on to give the author of the book, Mr. Hurst's, reaction. Quote:

> I checked with the copyright office and found the short story's copyright and renewal. I obtained a photocopy of the short story from a Washington private search service which copied it from a magazine in the Library of Congress. I compared the short story and the film and found they were similar. I recommended that the film not be used.

Do you see that, sir?

A. Yes, ma'am.

Q. Isn't it true that Communication No. 1 in your book, Exhibit 56, puts you on notice that you should investigate the copyright status of the film's underlying work before copying it?

[223] A. It does state that.

Q. Now, let's look at Communication No. 2 on that same page. I'm going to read it. Quote:

> "Film Superlist shows no renewal of the film. I have received a letter from a company which claims ownership of the copyright in the film. I checked with the copyright office and was told that the film copyright was not renewed.

Then it goes on to give Mr. Hurst's reaction. Quote:

> Please send me a copy of the letter from "The Enemy" and a copy of the copyright office report. When I read the letter from "The Enemy," I noted that "The Enemy" did not claim a copyright in the film. "The Enemy" claimed a copyright in the music in the film. The title of the music was the same as the title of the film. I checked with the copyright office, learned that the copyright in music had been renewed. I recommended that the film not be used.

Do you see that, sir?

A. Yes, ma'am.

Q. And isn't it true that Communication No. 2 in the book you relied on, Exhibit 56, puts you on notice that you should investigate the copyright status of the film's [224] underlying work before copying it?

A. It so states that, yes.

Q. Now, let's take a look at the bottom of page 513 in Exhibit 56. Now, on the right-hand side of that page towards the bottom is the Section titled: 5, Aggressor Two Faced. Do you see that?

A. Yes, ma'am.

Q. And that section continues, does it not, on to page 514 at the top left?

A. Yes.

Q. I'd like to read the paragraph at the top left-hand column of the page. Quote:

> A motion picture producer sued a public domainer for using a public domain film. The motion picture producer claimed the film infringed on the copyright of an underlying work, the script. The judge ruled in favor of the public domainer.

Do you see that, sir?

A. Yes, ma'am.

Q. Isn't it true that this paragraph in your book, Exhibit 56, puts you on notice that you should investigate the copyright status of the film's underlying work before copying it?

A. Yes.

[225] Q. Let's turn to page 517 in Exhibit 56. Do you see on the left-hand side of the page there is a heading called "Underlying Copyright"?

A. Yes, ma'am.

Q. I'd like to read the two paragraphs right under that title. Quote:

> A telephone caller called me — excuse me — a telephone caller thanked me for the time I had given him. He said: You said that sometimes a public domain film is based on a copyright protected book. Do I only have to worry about the underlying copyrights when they are books?
>
> I replied: You have to worry about underlying copyrights whether they are books or plays or short stories or poems or comics or cartoons or motion pictures or music or any kind of copyright protected work.

Do you see that, sir?

A. Yes, ma'am.

Q. Isn't it true that the underlying copyright section in your book, Exhibit 56, puts you on notice that you should investigate the copyright status of the film's underlying work before copying it?

A. Yes, ma'am.

MR. HYMAN: Your Honor, I believe that has been [226] asked and answered.

THE COURT: Yes.

BY MS. CENDALI:

Q. Turning to the last excerpt from your book that you relied on, Exhibit 56, the page II. It's the second page of the excerpts.

Your Honor, that I handed up. I'd like to —

THE COURT: You don't want to read the one that "sometimes judges are predictable"?

(Laughter.)

MR. HYMAN: Save it for argument.

THE COURT: Save it for argument. So what page are you turning to?

MS. CENDALI: To page 2, Your Honor, the second italicized paragraph at the top.

THE COURT: Okay.

MS. CENDALI: Your Honor may take judicial notice, however, of the other section.

THE WITNESS: Is that II?

MS. CENDALI: Yes.

Q. II in the "Film Superlist" book towards the beginning of the book, it says, doesn't it, quote:

> This publication is designed to provide accurate and authoritative information —

MR. HYMAN: I'm sorry. Is it II, the second page?

[227] MS. CENDALI: I meant of what I had handed up, sir.

MR. HYMAN: 56-A-II?

MS. CENDALI: Yes.

MR. HYMAN: Would you please tell me where you started at.

MS. CENDALI: Certainly. It's the second italicized —

MR. HYMAN: I'm sorry. I missed it. Thank you.

THE WITNESS: Could you give me the page number?

MS. CENDALI: Sure. It's II.

THE WITNESS: Got it.

BY MS. CENDALI:

Q. And then, again —

A. Which one?

Q. II, the second full paragraph, starts with: This publication and it's in italics. Are you with me, Mr. Tarter?

A. We are now.

Q. And it says, quote:

> This publication is designed to provide accurate and authoritative information in regard to the subject matter covered. It is sold with the understanding that the publisher is not engaged in rendering legal, accounting or other [228] professional advice. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

Do you see that, sir?

A. Yes, ma'am.

Q. Isn't it true that Dastar didn't follow the book's suggestion and seek legal advice before copying the "Crusades" series?

MR. HYMAN: Objection. I think it's argumentative.

THE COURT: Asked and answered several times so I'll sustain the objection.

BY MS. CENDALI:

Q. Mr. Tarter, given all the warnings in this book, Exhibit 56, isn't it true that Dastar was reckless in not checking the copyrights status of the underlying book "Crusade in Europe" before copying the "Crusade" series?

A. Reckless? No.

MS. CENDALI: No further questions.

* * *

[261] **CROSS-EXAMINATION**

BY MS. CENDALI:

Q. You've testified, Mr. Andersen, that you didn't include [262] the credits to plaintiffs on "Campaigns in Europe" because you felt you needed the permission of plaintiffs to do that; is that right?

A. Correct.

Q. You made no effort to ask for permission, did you?

A. No, I didn't.

Q. And you claim you didn't understand when you read Exhibit 32, the first cease-and-desist letter, that the reference to unfair competition was a complaint about the credits; is that correct?

A. Correct.

Q. You certainly could have written and asked plaintiffs to clarify that point; isn't that true?

MR. HYMAN: Objection. I think that's argumentative.

THE COURT: I'll sustain it.

BY MS. CENDALI:

Q. Mr. Andersen, you were sued for reverse passing off under the Lanham Act and you certainly understood at that time that plaintiffs were complaining about the credits, right?

MR. HYMAN: Objection. I guess, again, since there has been such a strong objection to the attorney-client accomplice privilege. I'm happy to waive the privilege, if he's asked what he understood based upon [263] his attorneys, go ahead.

THE COURT: All right.

BY MS. CENDALI:

Q. Did you ever read the Complaint?

A. Yes.

Q. When you read the Complaint did you see that we were complaining about the credits? Did that become known to you at some point in time that the plaintiffs were complaining about the credits?

A. Yes.

Q. But isn't it true, even after that knowledge became known to you, Dastar still kept selling "Campaigns" without the credits?

A. Correct.

Q. Now, Mr. Hyman asked you some questions relating to Exhibit 61, basically trying to make the point that the sales in Christmas of 1998 weren't as good as the sales in Christmas of 1996 or 1995. Do you remember that, sir?

A. I don't believe those were the years but and —

Q. What do you recall?

A. I don't recall. Refresh me, then.

Q. Okay. Am I correct that Mr. Hyman was asking you some questions in his examination of comparing the sales figures of the Christmas season following the filing of the lawsuit in September of 1998 to sales figures in preceding years [264] during that time of the year?

A. I believe that's what he asked.

Q. Now, Mr. Andersen, isn't it true the first year a video is released is typically it's biggest selling year?

A. I have no knowledge of that.

Q. So despite being in the video business, you have no knowledge of the fact that when you release a video product that first year, the product is released when it's brand new and available to consumers is the year that most people want to buy it?

MR. HYMAN: Objection as argumentative.

THE COURT: Overruled.

THE WITNESS: You're asking my opinion?

BY MS. CENDALI:

Q. I'm asking your experience.

A. In theatrical, I would agree with you. In our experience, sales increase as time goes on.

Q. Okay. Isn't it true, Mr. Andersen, that in electing to copy the "Crusade" series, you testified and felt — you specifically thought it would be a good seller because 1995 was the 50th anniversary of the end of the war.

A. Correct.

Q. And, in fact, isn't it true that in 1995 there was a lot of media attention given to the end of the war?

A. Correct.

[265] Q. There were specials on prime time television, "The Return to Normandy," correct?

A. Correct.

Q. There was a lot of media attention about General Eisenhower's decision to invade Normandy and how that was accomplished, correct?

MR. HYMAN: Objection as to foundation.

THE COURT: Overruled.

You may answer.

THE WITNESS: I have no idea about General Eisenhower's specific — if you want to talk about the Allies' decision to invade Normandy, I would agree.

BY MS. CENDALI:

Q. So you felt, didn't you, that releasing "Campaigns in Europe" in 1995 was a great window of opportunity for the company to make money based on the fact that it was the war's 50th anniversary?

A. That is correct.

Q. And it's now five years past the end of the war, correct?

A. Correct.

Q. So it's not surprising that at this point that sales would have gone down, is it, sir?

A. Our sales have not gone down. Are you referring to "Campaigns in Europe"?

[266] Q. That's what I'm referring to.

A. Yes. Obviously, the sales have gone down.

Q. Okay. Now, turning just briefly to the wraparound for a minute. Am I correct that Dastar did not destroy any inventory of copies of "Campaigns in Europe" that it may have created prior to instituting the wraparound?

A. That's correct.

Q. So if Dastar had any inventory of the prewraparound version, it would have just kept selling them until it was done, right?

A. If we had any inventory, we would have.

Q. And Dastar never produced, to your knowledge, any documents showing how many copies of "Campaigns in Europe" it sold prior to the couple-of-minute wraprounds, right?

MR. HYMAN: Objection. Argumentative.

THE COURT: Overruled.

THE WITNESS: Ask the question again, please.

BY MS. CENDALI:

Q. Am I correct, sir, that you're not aware that Dastar produced any documents indicating how many units of "Campaigns in Europe" it sold prior to the inclusion of the wraparound?

A. I'm not aware of any documents.

Q. Am I also correct that Dastar never produced any documents showing the relative percentages of sales of audio [267] CD products versus their video products?

A. Ask that again, please.

Q. Am I correct that Dastar, to your knowledge, never produced any documents showing the relative percentage of sales of their audio products as opposed to their video products?

A. I am not aware of it.

MR. HYMAN: Objection. It presumes there was a request for such documents.

THE COURT: I'll leave the answer it.

THE WITNESS: I'm not aware of it.

BY MS. CENDALI:

Q. Mr. Andersen, what is the approximate retail price of "Campaigns in Europe"?

A. We don't set the retail. But I can tell you what some of our customers retail it for.

Q. What is that?

A. 26.99, 27.99.

Q. And is the right — does the price vary over time and by customer?

A. It can.

Q. Now, I believe at one point, in response to one of Mr. Hyman's questions, you testified that you received threatening letters from plaintiffs without any documentation. Is that correct?

[268] A. That's correct.

Q. Was it your testimony, Mr. Andersen, that Plaintiff's Exhibit 36, the second cease-and-desist letter, does not contain any documentation?

MR. HYMAN: Objection; argumentative.

THE COURT: This is cross-examination. Argumentative is not a valid objection.

MR. HYMAN: Okay. Thank you, Your Honor.

THE WITNESS: What was the question again?

BY MS. CENDALI:

Q. Is it your testimony that Plaintiff's Exhibit 36, the second cease-and-desist letter, does not contain any supporting documentation?

A. Not that I considered valid.

Q. So you just decided that none of that was valid, right?

A. That's correct.

Q. Why?

A. Well, you want an example?

Q. Sure. I'd love one.

A. One letter is: To whom it may concern. A letter from a company vice president on his own stationery telling us that he had these rights.

Now, what makes that valid? Excuse me. Anybody can write that.

MS. CENDALI: Well, the document is in evidence so [269] Your Honor can make up her own decision on that.

Q. Now, you've testified, Mr. Andersen, that Dastar gets to choose what's in the retail mix it sends its customers, right?

A. That's correct.

Q. And you also testified that Dastar ships products within three days of getting an order, right?

A. Generally.

Q. And you say you didn't learn of this court's summary judgment decision dated January 6th until the end of January, correct?

A. Correct.

Q. I assume — excuse me — am I correct, Mr. Andersen, that Mr. Hebert, the secretary or controller or the company's national sales manager you mentioned yesterday, might have been in the office in early January available to get a phone call to hear that Dastar had been found liable for infringement?

A. A phone call from who?

Q. Your counsel. From anybody.

A. Oh, I assume that he could have been, of course.

Q. So turning to Exhibit 61-1-A, do you have it, Mr. Andersen?

A. Yes.

Q. Doesn't that exhibit show that in February, March, June [270] and July of 2000, Dastar chose to include "Campaigns in Europe" in its retail mix to its customers?

A. That's not correct.

Q. Isn't that what the document says, sir?

A. No, it doesn't.

Q. Why?

A. It says that we shipped some product, "Campaigns in Europe." It doesn't say we chose to include it in a mix and it doesn't show the customer's names.

Q. Isn't it true that Exhibit 61-1-A shows that Dastar made sales of "Campaigns in Europe" in February, March, June and July of this year?

A. They may not have been sales. They may have been replacements for defective product. I think I already testified to that.

Q. Do you have any documents that say that these were anything other than sales?

A. Well, not with me.

* * * *

JUDGMENT CONCERNING CLAIMS ASSERTED BY AND AGAINST PLAINTIFFS

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

Case No. 98-7189 FMC (Ex)

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, and NEW LINE HOME VIDEO, INC., a New York corporation,

Plaintiffs,

v.

DASTAR CORPORATION, an Oregon corporation, ENTERTAINMENT DISTRIBUTING, an Oregon corporation, and MARATHON MUSIC & VIDEO, an Oregon corporation,

Defendants.

DASTAR CORP., an Oregon corporation,

Counterclaimant

v.

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, NEW LINE HOME VIDEO, INC., a New York corporation, and DOUBLEDAY, a division of BANTAM DOUBLEDAY DELL PUBLISHING GROUP, INC., a corporation,

Counterdefendants.

JUDGMENT CONCERNING CLAIMS ASSERTED BY AND AGAINST PLAINTIFFS

WHEREAS, on September 2, 1998, plaintiffs Twentieth Century Fox Film Corporation, SFM Entertainment LLC, and New Line Home Video, Inc. ("plaintiffs") filed a complaint for copyright infringement against defendants Dastar Corp., Entertainment Distributing, and Marathon Music & Video ("defendants");

WHEREAS, on March 29, 1999, plaintiffs filed a first amended complaint, adding claims for Lanham Act infringement and violation of California unfair competition law;

WHEREAS, on May 28, 1999, defendants filed counterclaims for declaratory relief, intentional misrepresentation, negligent misrepresentation, unfair competition, and slander of title;

WHEREAS, on June 28, 1999, defendants filed a notice of dismissal of their counterclaims for intentional and negligent misrepresentation with prejudice;

WHEREAS, on July 6, 1999, the Court granted plaintiffs' motion to dismiss defendants' counterclaim for slander of title with prejudice and without leave to amend;

WHEREAS, on January 6, 2000, the Court granted plaintiffs' motion for summary adjudication of issues, holding that defendants violated the Copyright Act, Lanham Act, and California unfair competition law, and that defendants' remaining counterclaims for declaratory relief and unfair competition were without merit;

WHEREAS, on August 9-11, 2000, the Court conducted a bench trial concerning the remedies for defendants' infringement of plaintiffs' intellectual property rights;

WHEREAS, on August 30, 2000, the Court issued its Findings of Fact and Conclusions of Law, holding that

defendants' violation of the Copyright and Lanham Acts was willful and that plaintiffs are entitled to (1) an award of $150,000 in statutory damages or $783,606.83 as defendants' profits under the Copyright Act, (2) an award of $1,567,213.66 ($783,606.83 as defendants' profits, doubled) under the Lanham Act, and (3) injunctive relief under the Copyright Act, Lanham Act, and California unfair competition law;

THEREFORE, it is hereby ORDERED, ADJUDGED and DECREED that:

1. Defendants shall pay plaintiffs the amount of $1,717,213.66 ($150,000 in statutory damages under the Copyright Act and $1,567,213.66 under the Lanham Act) plus post-judgment interest at the legal rate until paid;

2. Plaintiffs may file a motion for attorneys' fees and costs; if the Court grants such motion, this Judgment shall be amended to reflect the amount of plaintiffs' award;

3. Defendants are permanently enjoined from manufacturing, copying, duplicating, selling, renting, marketing, leasing, distributing, or otherwise disposing of any videocassettes that use elements of original subject matter contained in the book *Crusade in Europe* (the "Book"), including its text, structure, format, contents, sequencing, organization and tone;

4. Within 30 days of entry of Judgment, defendants shall deliver and surrender to plaintiffs all negatives, positive film prints, transcriptions, recordings, video masters and videocassettes in their possession, custody, or control that infringe on or that may have been used to infringe plaintiffs' rights under the copyrights to the Book;

5. Defendants are permanently enjoined from taking credit for and passing off *Campaigns in Europe* as their own creation;

6. Within 30 days of entry of Judgment, defendants shall file with the Court and serve on plaintiffs a report in writing, under oath, setting forth in detail the manner and form in which defendants have complied with the foregoing injunction;

7. Defendants shall take nothing, and their counter-claims against plaintiffs for declaratory relief, intentional misrepresentation, negligent misrepresentation, unfair competition, and slander of title are dismissed on the merits and with prejudice, as are all of defendants' affirmative defenses; and

8. The Court shall retain jurisdiction to enforce this Judgment and injunction.

Dated: Sept. 11, 2000 s/ Florence-Marie Cooper
HON. FLORENCE-MARIE COOPER
UNITED STATES DISTRICT JUDGE

EXCERPTS FROM APPELLEES' ANSWERING BRIEF

UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

Appeal Nos. 00-56703, 00-56712

TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT LLC, and NEW LINE HOME VIDEO, INC.,

Plaintiffs-Counter-Defendants/Appellees

v.

DASTAR CORPORATION,

Defendant-Counter-Claimant/Appellant

ENTERTAINMENT DISTRIBUTING and MARATHON MUSIC & VIDEO,

Defendants/Appellants.

ON APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE CENTRAL DISTRICT OF CALIFORNIA, HON. FLORENCE-MARIE COOPER, JUDGE

Case No. CV-98-07189-FMC

APPELLEES' ANSWERING BRIEF

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* * *

JURISDICTIONAL STATEMENT

Plaintiffs agree with defendants' jurisdictional statement.

STATEMENT OF THE CASE

On September 2, 1998, plaintiffs sued defendants for copyright infringement, alleging defendants' sale of copies of plaintiffs' *Crusade in Europe* videos ("Videos"), as *Campaigns in Europe*, infringed plaintiffs' exclusive right to distribute videos based upon General Eisenhower's still-copyrighted *Crusade in Europe* book ("Book"). (SER:1-118.) On October 2, defendants answered without demanding a jury. (SER:119-128.)

Plaintiffs' March 29, 1999 amended complaint alleged additional "reverse passing off" and unfair competition claims, based on defendants' falsely taking credit for "creating" the Videos. (ER:1-111.) On May 28, defendants filed a first amended answer and counterclaims for intentional

misrepresentation, negligent misrepresentation, unfair competition and slander of title. Defendants also sought a declaration that the Book is in the public domain and cancellation of its copyright. (ER:112-242.)

After plaintiffs moved to dismiss all counterclaims, defendants dismissed their intentional and negligent misrepresentation counterclaims with prejudice. (SER:129-32.) On July 6, the Court dismissed with prejudice defendants' slander of title and declaratory relief counterclaims related to the cancellation of the Book's copyright, and denied plaintiffs' motion to dismiss the remaining declaratory relief and unfair competition counterclaims. (SER:133-158.)

On October 22, defendants filed a motion for summary judgment. (SER:159-165.) On November 8, plaintiffs filed a cross-motion for summary adjudication on all claims and on defendants' remaining counterclaims. (SER:302-307.) The Court's January 4, 2000 opinion granted plaintiffs' motion and denied defendants'. First, the Court held that, as a matter of law, defendants infringed plaintiffs' exclusive license to the Book because (1) it was uncontroverted that "Eisenhower wrote the [B]ook . . . at the 'instance and expense' of Doubleday" and Doubleday "had the right to supervise" Eisenhower's writing and, thus, Doubleday properly renewed the Book's copyright as proprietor of a work-for-hire, and (2) defendants admitted copying footage containing "significant portions of the Book" to create *Campaigns*. (ER:2104-08.)

Second, the Court held that defendants violated the Lanham Act and unfair competition law. Applying this Circuit's "reverse passing off" test, it concluded that uncontroverted evidence showed defendants: (1) "bodily appropriat[ed]" plaintiffs' work, having "admit[ted] that they copied the entire *Crusade in Europe* series to create *Campaigns*," except for "minor changes," and (2) falsely

identified themselves as *Campaigns'* sole producers, when others created, restored and/or distributed the work. (ER:2108-11.) On July 20, defendants' motion for reconsideration was denied. (SER:548-52.)

On June 23, the Court granted plaintiffs' motion to strike defendants' jury demand in the first amended answer. (SER:543-47.) Beginning August 9, the Court conducted a bench trial on remedies. On August 29, the Court held that defendants willfully violated the Copyright and Lanham Acts and plaintiffs were entitled to (1) $150,000 in statutory damages *or* $783,606 as defendants' profits under the Copyright Act,[1] (2) $1,567,213.66 under the Lanham Act ($783,606.83 in profits, doubled under 15 U.S.C. § 1117(a)), and (3) injunctive relief. (ER:2887-90.)

To avoid double-counting profits under the Copyright and Lanham Acts, plaintiffs elected statutory copyright damages. Accordingly, the Court entered judgment for $1,717,213.66 ($150,000 under the Copyright Act and $1,567,213.66 under the Lanham Act). (ER:2889.)

* * *

II. THE COURT PROPERLY CONCLUDED THAT DEFENDANTS WERE LIABLE UNDER THE LANHAM ACT

Reverse passing off occurs when one takes "another party's product and sells [it] under a name chosen by the wrongdoer," rather than the name of those who earned the designation. *Smith v. Montero*, 648 F.2d 602, 605 (9th Cir. 1981). To establish reverse passing off in *this* Circuit,

[1] The Court calculated defendants' profits by deducting $91,244.35 in documented costs from *Campaigns'* $874,851.18 gross revenues. (ER:2871-73.) The Court excluded additional evidence of expenses produced just before trial. (SER:2876.)

plaintiffs must prove (1) "bodily appropriation" of and (2) "misattribution" of credit for plaintiffs' work. *Cleary v. News Corp.*, 30 F.3d 1255, 1260-61 (9th Cir. 1994). Defendants cite the *Second* Circuit's four-part reverse passing off test and contend that plaintiffs were unable to adduce evidence supporting the elements. (AOB:36-45.) As described below, defendants' sale of *Campaigns*, a repackaged, near-verbatim copy of the Videos, under defendants' names, satisfied *this* Circuit's standard for reverse passing off.

A. *Campaigns* Bodily Appropriated The Videos

This Circuit defines bodily appropriation as the "'copying or unauthorized use of substantially the entire item.'" *Cleary*, 30 F.3d at 1261. The Court correctly concluded that defendants' copying of the Series to "create" *Campaigns* satisfied this test.[20] Defendants admitted that they took the Series' entire footage, narration and music and made *only* the following minor changes: (1) substituted a new

[20] Citing the Court's statement that it "misunderstood" trial testimony concerning *Campaigns'* origin, defendants imply the Court would have ruled differently on liability had it understood defendants duplicated the Series, not the Videos. (AOB:18,38.) The Court merely referred to the fact it misunderstood Andersen as testifying as such, *not* that it believed that *Campaigns* was made from the Videos. (ER:2437-38) Whatever the court's understanding at trial, its summary judgment decision is replete with references to *Campaigns* being copied from the Series. (ER:2086-2113.) Regardless, whether defendants' pirated the Series or Videos has no bearing on liability. Misattribution is the *sine qua non* of reverse passing off, *Cleary*, 30 F.3d at 1260, and it was uncontroverted that defendants falsely identified themselves as *Campaigns'* producers and concealed *Campaigns* was another's work product. *Summit Machine v. Victor CNC Systems*, 7 F.3d 1434, 1437-38 (9th Cir. 1993) (analyzing differences between parties' products under bodily appropriation test although defendants' product created by third-party rather than copied from plaintiffs'). Furthermore, bodily appropriation of the Series necessitated bodily appropriation of the Videos because their contents are the same. (ER:500.)

opening title sequence, credit page, and final closing credits; (2) substituted new introductory chapter titles corresponding to the 26 in the Series and Videos; (3) deleted footage showing the Book's image; and (4) moved the Series' "recap" to *Campaigns'* beginning, re-titling it as a "preview."[21] (ER:1603-05,1596-99,1610,1663-67.) Defendants did nothing else to alter the Series. (ER:1641,1607-10.) Other than these insubstantial changes, most of which served to credit defendants, *Campaigns' entire* content as released in October 1995 — narration, film footage (including content and organization) and music — was taken from the Series. Because the summary judgment record was uncontroverted that the Videos are a "direct reproduction" of the Series (ER:500),[22] *Campaigns* is a bodily appropriation not only of the Series, but also the Videos.

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[21] Defendants' citation to *Selby v. New Line Cinema*, 96 F.Supp.2d 1053(C.D.Cal. 2000) for the proposition that plaintiffs' purported failure to "compare the two multiple-hour tape sets . . . created an insufficient record" (AOB:40) to analyze "bodily appropriation" is a red herring. In *Selby*, defendants attached copies of two screenplays to a *motion to dismiss* and "urge[d] the Court to examine [them] and determine" that there was no bodily appropriation. *Id.* at 1056. The court denied defendants' motion, concluding (1) plaintiff "adequately allege[d] that defendants violated the Lanham Act by bodily appropriating his work," and (2) it was "premature to engage in a factual comparison of the screenplays at this early stage in the proceedings." *Id.* Here, it would have been superfluous for plaintiffs to compare the Videos and *Campaigns* segment-by-segment because, unlike *Selby*, defendants admitted to the near-identity of *Campaigns* and the Series (and, thus, the Videos).

[22] For the first time on appeal, defendants allege that the Videos "had a running time . . . substantially shorter than the 26 half-hour films." (AOB:16.) However, there was no evidence controverting that the Videos are a "direct reproduction" of the Series (ER:500). Defendants rely on the Series being referred as comprising 26 "half-hour" episodes; however, defendants conceded the episodes were shorter than 30 minutes. (ER:2517.) Regardless, the relevant issue is whether *Campaigns* is a bodily appropriation of the Videos.

(Cont'd)

Defendants contend that the Court applied a "relaxed standard of similarity" in lieu of bodily appropriation by ignoring alleged differences between the Videos and *Campaigns*. (AOB:40-41.) Without record citations, defendants assert *Campaigns* "contained substantial additional words vis-à-vis the *Crusade* videos" and "over two dozen deletions." (AOB:40.) However, defendants conceded that the *only* "deletions" were of Book images at the beginning of each Series chapter,[23] and the *only* "additions" were new credits, title and chapter sequences.[24] (ER:1603-05,1597-99,1607-10.) Because the Lanham Act precludes taking credit for another's work, defendants cannot avoid "bodily appropriation" by relying on *the very changes that mask plaintiffs' contribution* and falsely make *Campaigns* seem like a new product.[25]

(Cont'd)

Comparing the two sets (*and* defendants' admission to the limited changes made in creating *Campaigns*) shows that it is. (ER:1596-99,1607-10,1663-67.)

[23] A comparison of *Campaigns* and the Videos reveals that deletions of the Book's image and changes in credits and chapter titles account for the purported videos' difference in running-time. (AOB:19).

[24] Defendants' contention that "[e]ven the common footage appeared in radically different order" (AOB:19) is belied by their admission that the *only* sequence change made to Series footage and narration was moving the "recap." (ER:1610) The remainder of the footage and narration in *Campaigns* is virtually identical to the Videos'. (ER:1663-67.)

[25] For the same reason, any purported differences in the packaging or "external characteristics" of *Campaigns* and the Videos (AOB:18,39-41) cannot create a genuine issue as to defendants' bodily appropriation. Creating new packaging was another means by which defendants furthered their misattribution of credit and concealed that they did not produce the content contained therein.

Defendants' reliance on *Cleary* (AOB:40) is misplaced. In *Cleary,* the defendants made "significant" and "major changes" to the plaintiffs' work, including "14 important areas of revision" that "reversed or altered" plaintiffs' prior edition. *Cleary*, 30 F.3d at 1262. The changes were so significant that "helpful lists of changes, corresponding page numbers, and other notes about the new edition" were distributed. *Id.* In contrast, defendants' minor revisions in creating *Campaigns,* which disguise *Campaigns'* true origin, are, as the Court concluded, "insufficient to avoid liability under the Lanham Act." (ER:2110.) *Id.* at 1261-62 ("claim cannot be lawfully defeated by . . . sprinkling of a few neat sentences here and there or the making of trivial deletions"); *Summit*, 7 F.3d at 1437 (defendants may "be guilty of reverse palming off by selling . . . another's product that has been modified slightly"). Therefore, the Court applied the proper standard and correctly held that defendants bodily appropriated the Series (and thus plaintiffs' Videos).

B. Defendants Falsely Took Credit For Plaintiffs' Product

The Court also properly concluded that defendants misattributed credit for *Campaigns*. While they admitted copying the *entire* Series, *Campaigns'* only credits are for defendants, not plaintiffs. (ER: 1663-67, 1601-08, 1641-42.) Thus, *Campaigns* conceals that virtually all of its seven hours was produced by others.

Defendants contend "it was disputed whether defendants falsely designated the origin of the *Crusade* videos and TV series" because they allegedly did not "remove or obliterate credits" to create *Campaigns*. (AOB:38.) However, whether defendants removed plaintiffs' credits is not material because the Lanham Act applies to "any false designation of origin." 15 U.S.C. § 1125(a). No statutory requirement exists that a true designation of origin be removed, nor does case law require it. While some decisions refer to removal of credits

because that is how infringers frequently pass off another's goods as their own, this Circuit focuses on *whether* there was misattribution, *not* the *manner* in which it was done. Thus, in *Summit*, after referring to removal of credits as one way of violating the Act, the court states that "'[a] defendant may *also* be guilty of reverse . . . [passing] off by selling or offering for sale another's product that has been slightly modified and then relabeled with a different name." *Summit*, 7 F.3d at 1437 (court proceeded with bodily appropriation analysis although no credits removed).[26] *See Lamothe v. Atlantic Recording,* 847, F.2d 1403, 1405, 1407 (9th Cir. 1988) (composers stated reverse passing off claim arising from co-author listing only himself as songwriter although defendants did not photocopy songs and remove co-authors' names).

If only removal of credits could give rise to a reverse passing off claim, anyone could avoid liability for replicating and taking credit for an unsigned painting or sculpture. That would contradict the Act's policy of ensuring consumers "know the true source of [a] product." *Smith*, 648 F.2d at 607.

Thus, the relevant question is whether the offending work's attribution is *false*. The Court correctly concluded it was. Defendants *knew* that virtually all of *Campaigns*, except their minor changes concealing its origin, was created by others, yet they identified only themselves as *Campaigns'* source. (ER: 1597-99, 1601-05, 1608-10, 1641, 1663-67.)

---

[26] Defendants cite only the *concurring* opinion in *Summit,* which stresses that, unlike here, the infringer did not represent that it manufactured or designed plaintiffs' product, and *Florentine Art Studio v. Vedet K.*, 891 F. Supp. 532, 540 (C.D. Cal. 1995). (AOB:38-39.) Both opinions conclusorily refer to credits removal; neither analyzes reverse passing off requirements *or* policies underlying the Act.

C. Plaintiffs Had Standing

Defendants contend that the Court also erred because there allegedly was insufficient evidence that plaintiffs were "creator[s]" of the Videos. (AOB:37-38.) Defendants take too narrow a view of this Circuit's test for standing in reverse passing off cases.

"On its face, section 43(a) gives standing to sue to 'any person who believes that he is or is likely to be damaged.'" *Smith*, 648 F.2d at 607. Thus, the "dispositive question is whether the party has a reasonable interest to be protected from false advertising." *Lamothe*, 847 F.2d at 1405. It was uncontroverted that plaintiffs have such an interest. As defendants concede, "Fox 'participated in the creative process' for the TV Series" (AOB:38), having conceived, financed and overseen its production, and contracted with Doubleday for Book rights. (ER:1990-92,1328-53.) Because the Videos directly reproduce the Series (ER:500), Fox *is* the source of their content. SFM originated the idea of restoring and making the Series available to modern audiences, spearheaded finding the films, and supervised their restoration and repackaging.[27] (ER:496-500, 503-70.) (Thus, Fox and SFM *were* the Video's "creators" and have standing under defendants' standard.) New Line distributes the Videos.[28] (ER:498-500,532-55,568-70.) All plaintiffs are identified in the Videos' credits, all should be associated with the Book and Series on video, and all have an interest in

[27] Defendants argue SFM did not exist until after the Videos were created. (AOB:38.) However, the SFM entity that produced the Videos is a predecessor of plaintiff SFM. (ER:496.)

[28] While defendants contend the Court "erred in finding it undisputed that '[p]laintiffs are the producers' of the Crusade [V]ideos" (AOB:38), the Court concluded that plaintiffs "are the producers *and sellers*" of the Videos. (ER:2109.)

preventing defendants from misattributing *Campaigns'* true source.[29]

D. This Circuit Does Not Require Proof Of Confusion For Reverse Passing Off

Relying on *Second* Circuit authority, defendants contend the Court erred in failing to consider whether plaintiffs adduced evidence of confusion.[30] (AOB: 36-37, 41-45) However, *this* Circuit does not require an independent showing of confusion to establish reverse passing off. Indeed, both Circuits recognize that they have different reverse passing off requirements.

This Circuit "has established a rigorous test for proving 'reverse passing off' under the Lanham Act. . . . [as] there must be bodily appropriation." *Cleary*, 30 F.3d at 1261. Confusion is assumed when there is bodily appropriation because such a finding requires "copying or unauthorized use of substantially the entire item." *Id.* at 1261-1262. *See Waldman Publishing v. Landoll*, 43 F.3d 775, 784 (2nd Cir. 1994) ("the Ninth Circuit has held that in the context of reverse passing off, consumer confusion is caused only by the false designation of works that are 'bodily appropriations' of the originals").

Conversely, to determine reverse passing off, the Second Circuit applies "a less demanding 'consumer confusion' standard," *Cleary*, 30 F.3d at 1262, a "substantial similarity" test. *Waldman*, 43 F.3d at 783. Thus, under the Second

[29] *Meta-Film v. MCA*, 586 F.Supp. 1346, 1363 (C.D. Cal. 1984) is inapposite because it is not a Lanham Act case; plaintiffs there had no connection with defendants' film.

[30] Aside from its lack of merit, this argument should not be considered because defendants first raise it on appeal. *Animal Protection Institute v. Hodel*, 860 F.2d 920, 927 (9th Cir. 1988) (failure to raise issue below bars consideration on appeal). Defendants neither argued nor developed the record below concerning confusion.

Circuit's test, confusion is not assumed but must be shown because "substantially similar" works may so differ as to not give rise to confusion. *Id.* at 784 (defendant's work can be substantially similar to without bodily appropriating plaintiff's); *Cleary*, 30 F.3d at 1261-62 (more lenient standard does not ensure likelihood of consumer confusion).

Reflecting this Circuit's more "rigorous" bodily appropriation test subsumes the "less demanding 'consumer confusion' standard . . . employed by the Second Circuit," *id.* at 1261, 1262, no Ninth Circuit reverse passing off case has required an independent showing of confusion apart from bodily appropriation. Nor would creating an additional confusion requirement make sense. If someone has taken virtually all of someone else's work and mislabeled it as their own, confusion regarding the work's true source is assured. Therefore, defendants' contentions that the Court failed to consider the "eight nonexclusive 'likelihood of consumer confusion' factors,"[31] and inferred confusion from a "deficient record" are meritless. Once the Court found bodily appropriation, an additional confusion analysis would have been superfluous.

E. Defendants' Misattribution Harmed Plaintiffs

Defendants' assertion that plaintiffs failed to prove harm from defendants' reversing passing off, thereby "mandat[ing] reversal," lacks merit.[32] (AOB:44.) Again relying on *Second*

[31] Defendants cite *Waits v. Frito-Lay*, 978 F.2d 1093, 1109-10 n.9, 1110-11 (9th Cir. 1992), *cert denied*, 506 U.S. 1080 (1993) for the proposition that the eight-part test for confusion "appl[ies] in credit removal cases." (AOB:42.) However, *Waits* is a false endorsement *not* reverse passing off case. *Id.* at 1106. Because a finding of bodily appropriation is not required to prove false endorsement, *Waits* is inapplicable as to whether a separate finding of confusion is necessary here.

[32] By failing to raise this argument in opposing plaintiffs' summary judgment motion, defendants are barred from raising it on appeal. (*Supra*, p.50, n.30.)

Circuit authority, defendants contend "[a]bsent evidence of harm there can be no reverse passing off." (AOB:44.) However, no Ninth Circuit case has held that a showing of harm is required — in addition to bodily appropriation and misattribution — for reverse passing off.[33]

Even if proof of harm *were* required, plaintiffs met their burden. Plaintiffs' harm flows from the uncontroverted evidence that defendants sold what was essentially the Videos, yet credited only themselves for the work.[34] Since the Series was "well received," "successful," and was based upon a critically acclaimed Book by a war hero (ER: 326, 342, 459-87, 1992), plaintiffs would have benefited from being associated with and viewed as responsible for the Videos' release. As this Court explained:

> [I]n reverse passing off cases, the originator of the misidentified product is involuntarily deprived of the advertising value of its name and of the goodwill that otherwise would stem from public knowledge of the true source of the satisfactory product.

Smith, 648 F.2d at 607. In this case, each plaintiff lost unquantifiable valuable goodwill when *Campaigns'* viewers were misinformed that defendants "produced" it.

* * * *

[33] *Smith* was before this Court on a motion to dismiss. 648 F.2d at 603. Any discussion of harm referred to the injury that results whenever someone takes credit for another's work. *Id.* at 607.

[34] Aside from being non-binding authority, defendants' Second Circuit cases are inapposite because *none* found that defendants engaged in bodily appropriation and misattribution, from which lost advertising value and goodwill flows.

Supreme Court, U.S.
FILED
FEB 18 2003

FILE COPY

(16)

No. 02-428

IN THE

Supreme Court of the United States

DASTAR CORPORATION,

Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT LLC, and NEW LINE HOME VIDEO INC.,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

SUPPLEMENTAL JOINT APPENDIX

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PETITION FOR CERTIORARI FILED SEPTEMBER 11, 2002
CERTIORARI GRANTED JANUARY 10, 2003

113 pp

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Trial Exhibit 23 ..... S.App.55

Agreement between Doubleday & Co. Inc., and Twentieth Century-Fox Television Productions, Inc., dated November 20, 1948, attached as Exhibit A to Declaration of Peter Levathes dated December 6, 1999 ..... S.App.61

Agreement Between Time Incorporated and Twentieth Century-Fox Television Productions, Inc., dated December 3, 1948, attached as Exhibit B to Declaration of Peter Levathes dated December 6, 1999 ..... S.App.73

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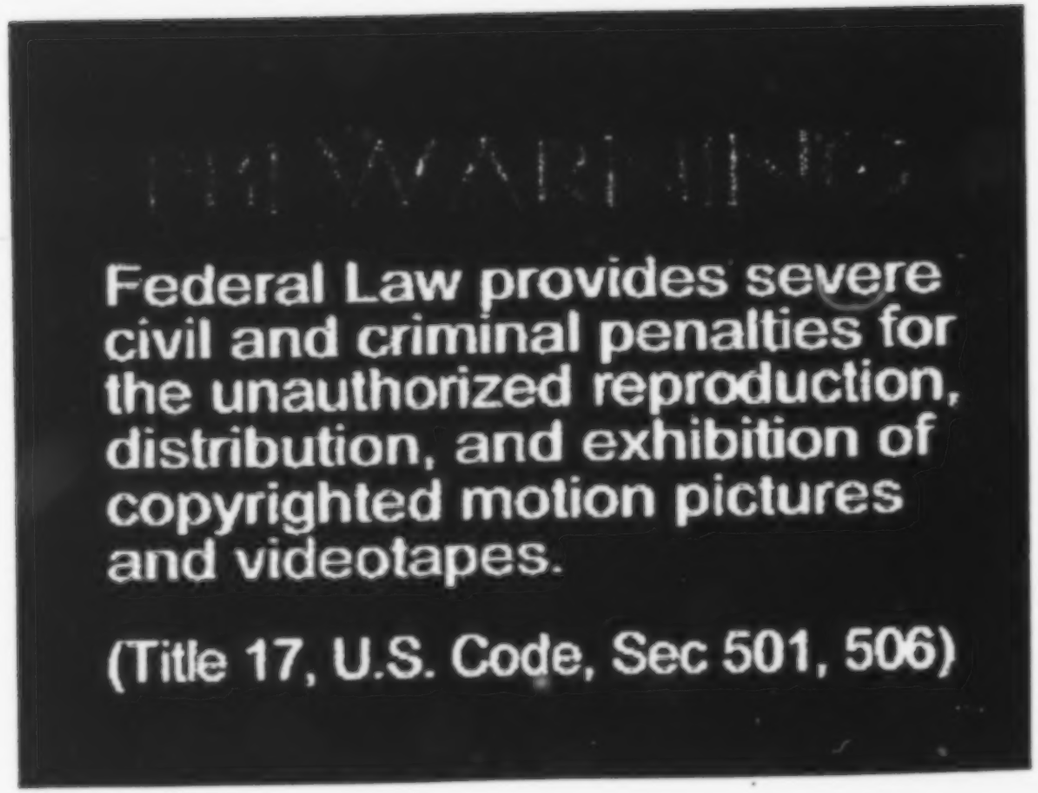
Letter from Twentieth Century-Fox Television, a Division of Twentieth Century-Fox Film Corporation to Bantam Doubleday Dell Publishing Group Inc. dated June 22, 1988, attached as Exhibit F to Declaration of Marcy Reed in Opposition to Defendants' Motions for Summary Judgment and Motion to Dismiss, and in Support of Plaintiffs' and Counterdefendants' Cross-Motion for Summary Adjudication of Issues S.App.89

Letter from Twentieth Century-Fox Television, a Division of Twentieth Century-Fox Film Corporation to Doubleday, a Division of Bantam Doubleday Dell Publishing Group, Inc. dated March 11, 1993, attached as Exhibit G to Declaration of Marcy Reed in Opposition to Defendants' Motions for Summary Judgment and Motion to Dismiss, and in Support of Plaintiffs' and Counterdefendants' Cross-Motion for Summary Adjudication of Issues.....S.App.109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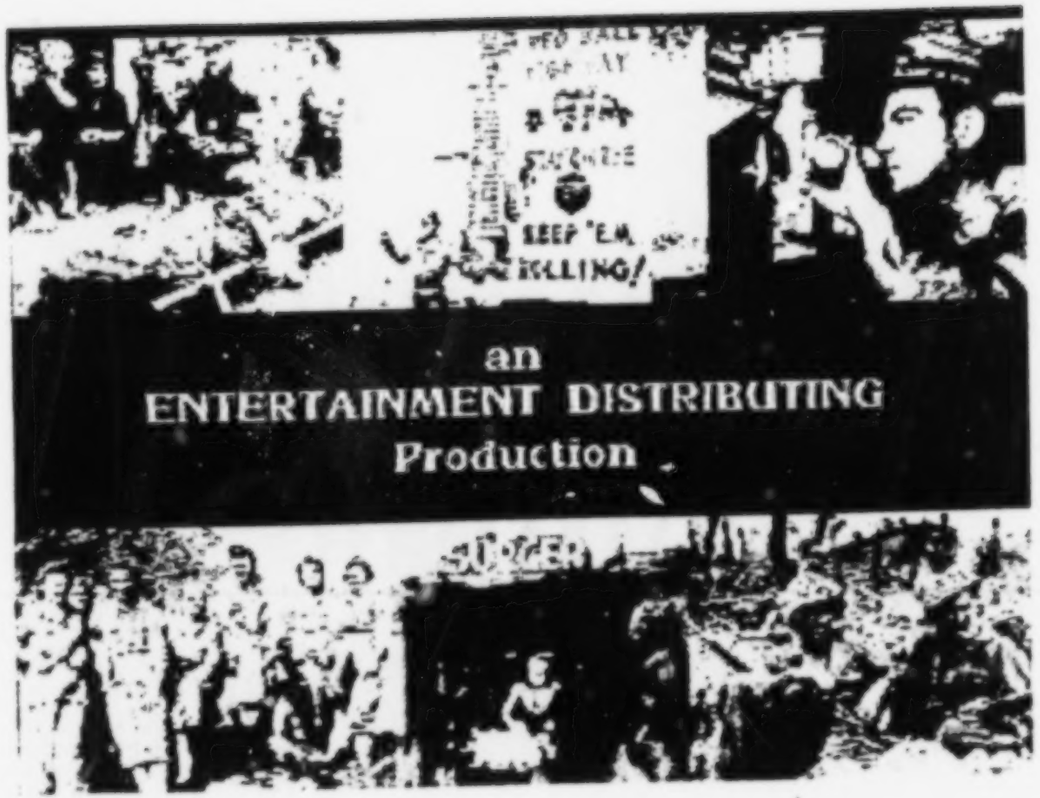
S.App.2

S.App.3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S.App.4

CAMPAIGNS IN EUROPE

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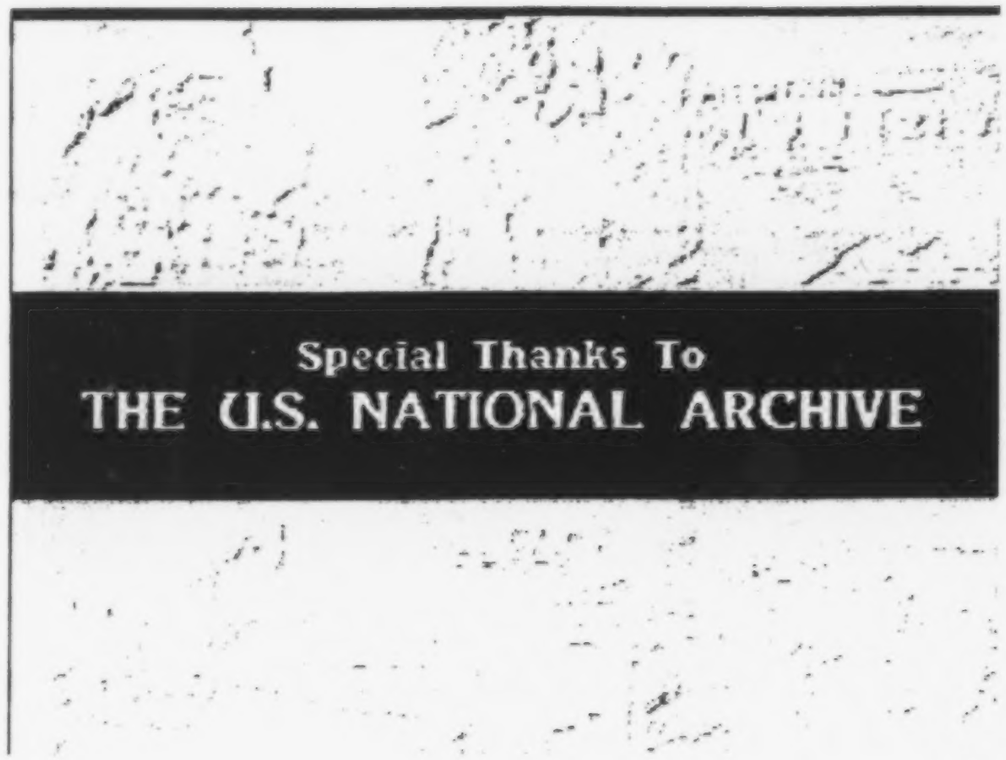
S.App.5



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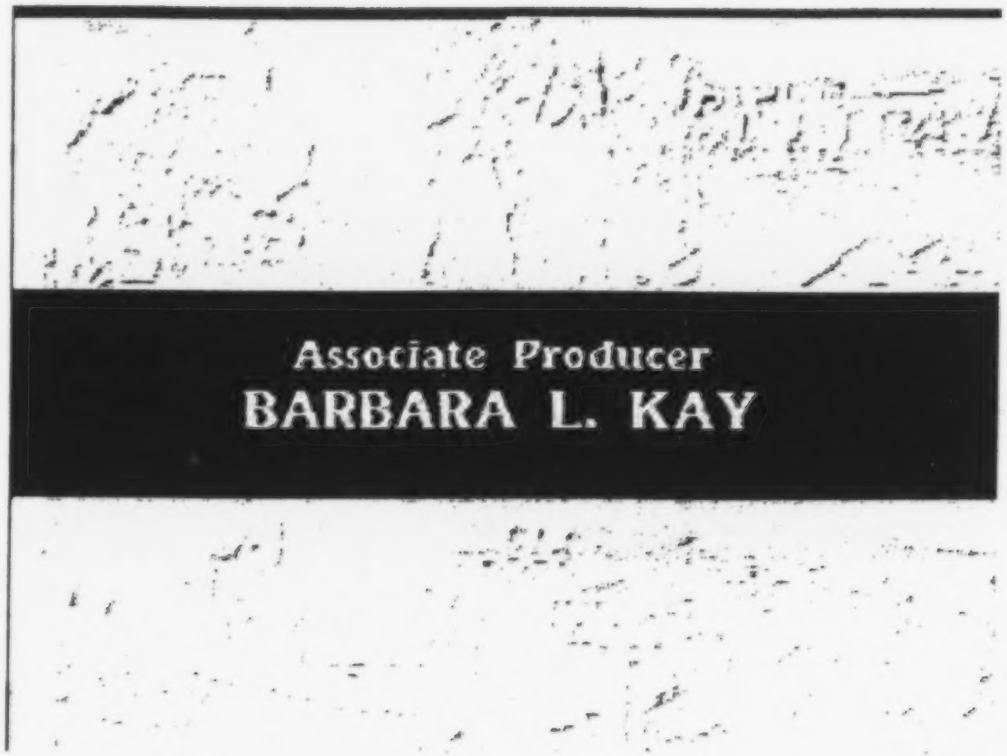
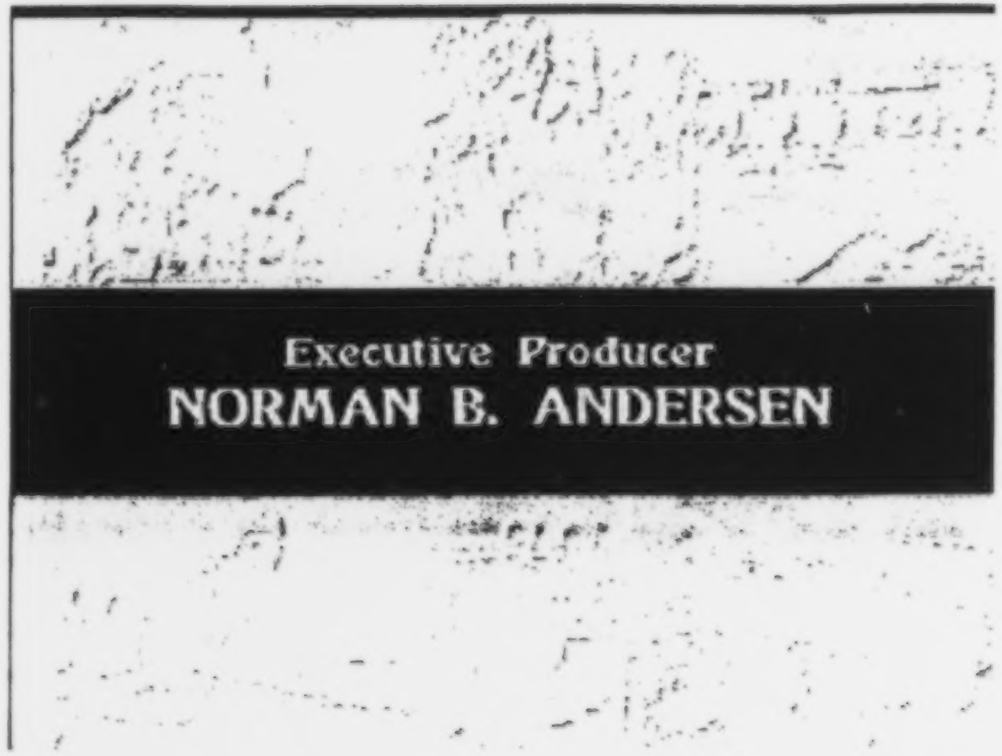

Associate Producer
BARBARA L. KAY

S.App.7



S.App.8

Producer

LANNY LEE

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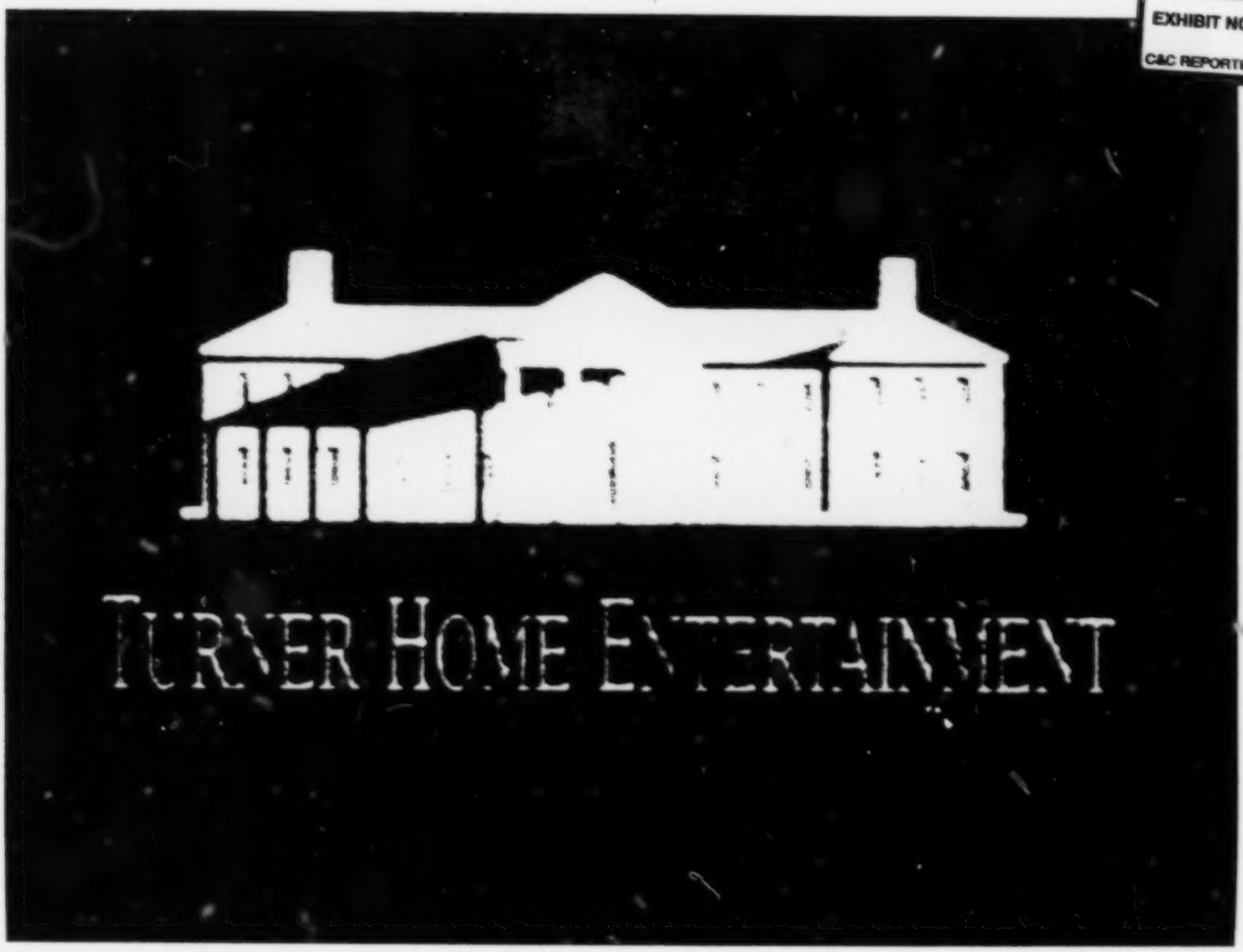
S.App.10



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NEW LINE
HOME VIDEO

S.App.12

A March of Time
Production

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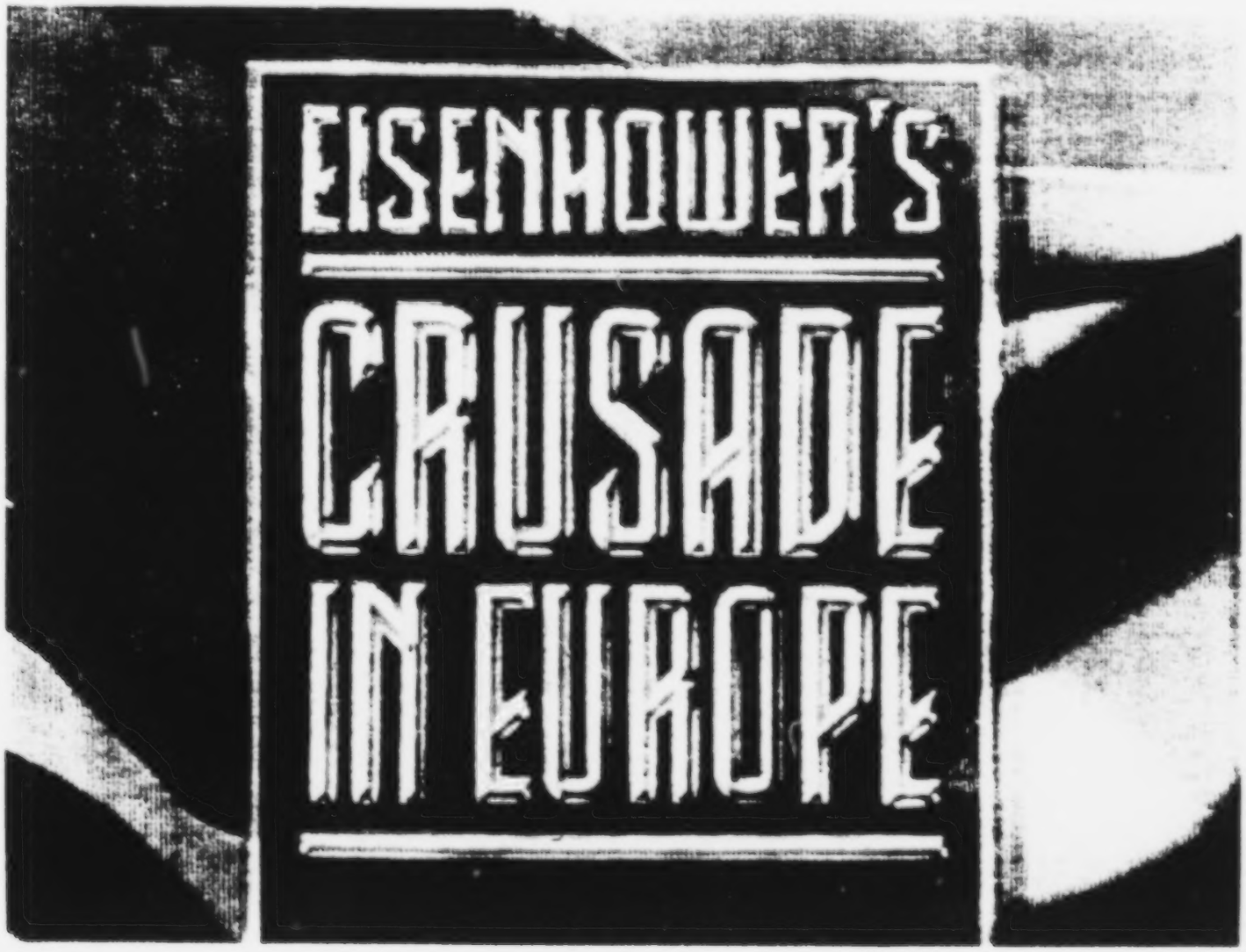
By Arrangement with
20th Century-Fox

S.App.14



S.App.15

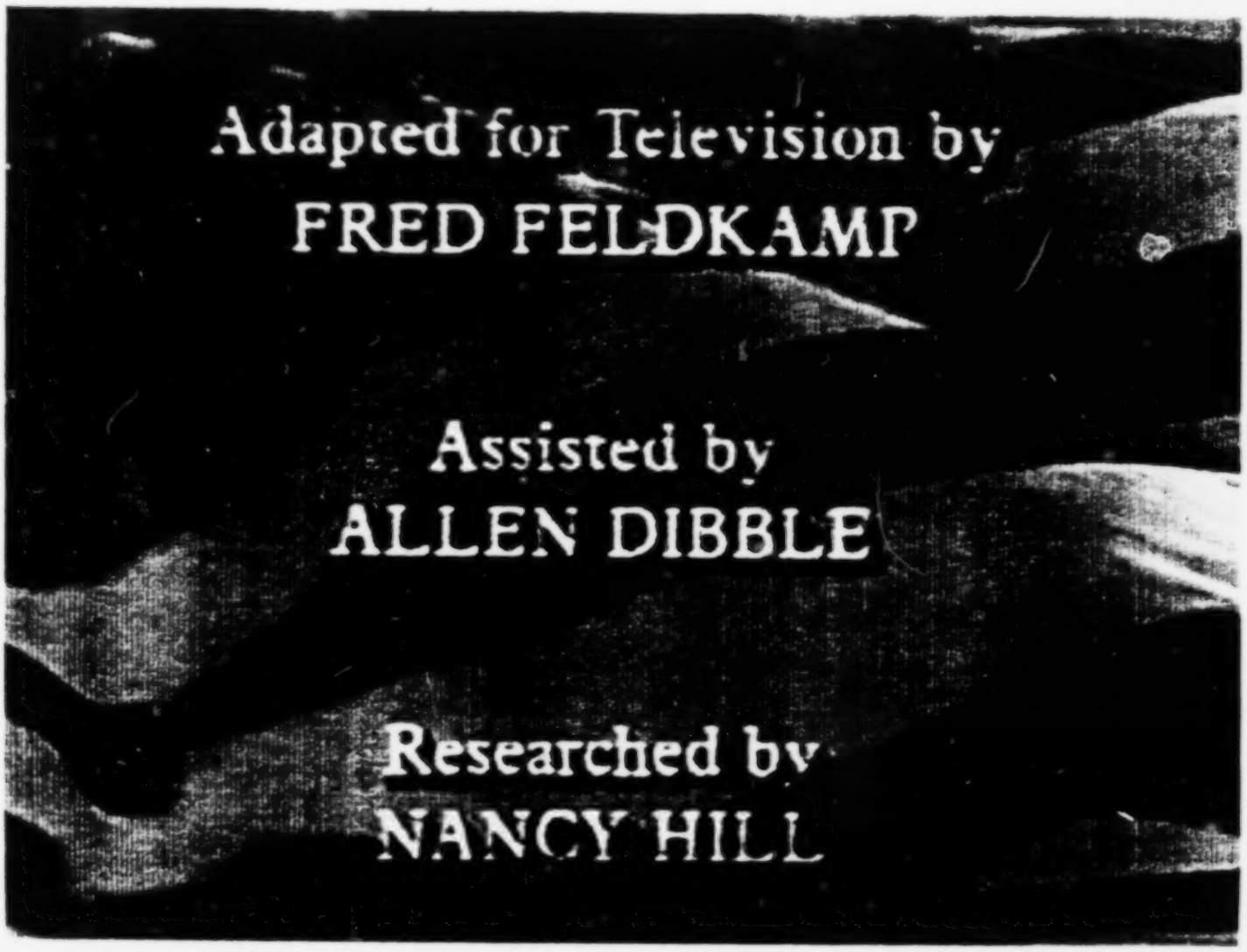
Based on the Book by
General Dwight D. Eisenhower

PRELUDE TO WAR

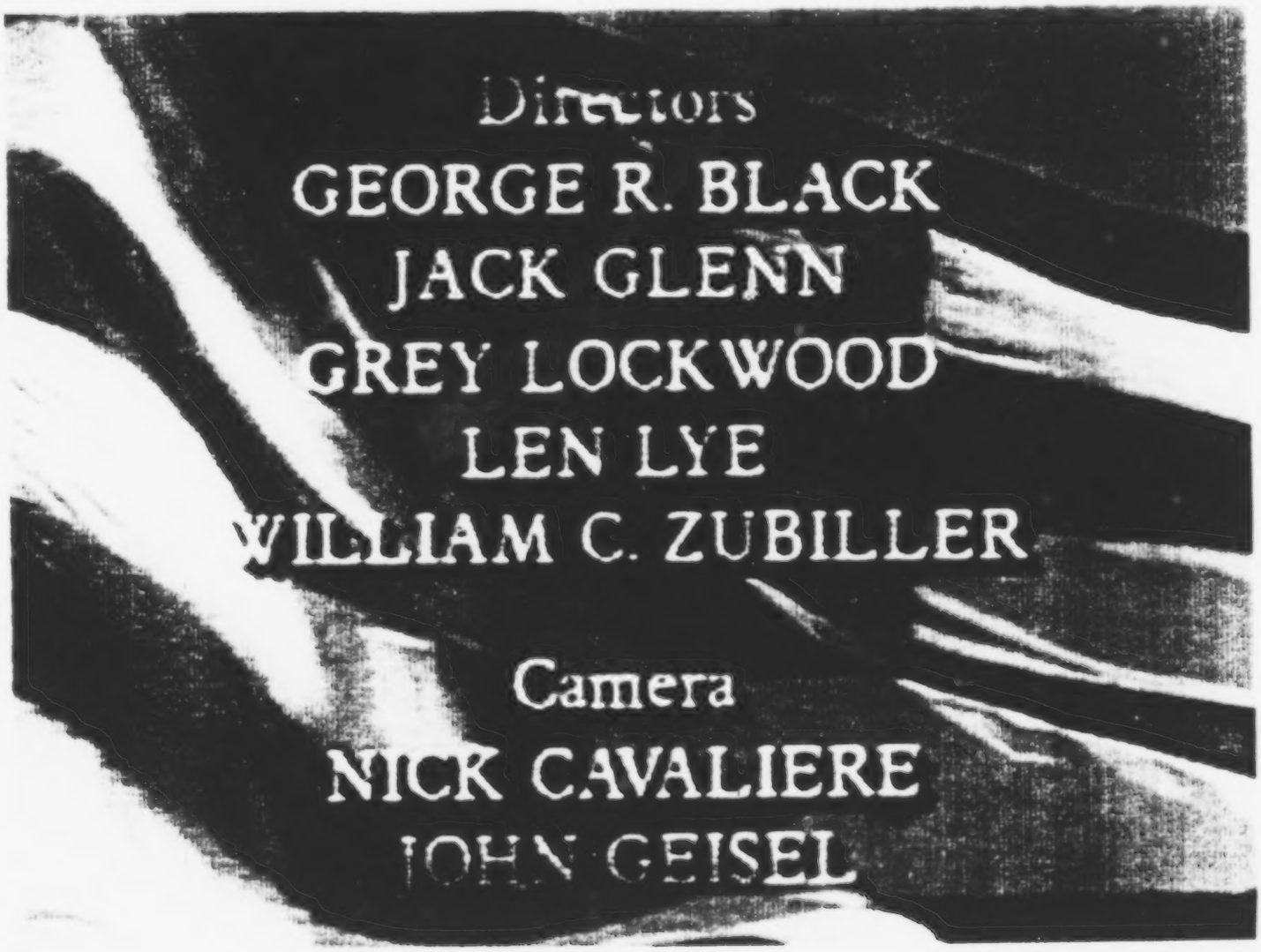
S.App.16

Between these two dates millions of Europeans had been killed. All Europe west of the Rhine had, with minor exceptions, lived for more than four years under the domination of an occupying army. Free institutions and free speech had disappeared. Economies were broken and industry partially [illegible]. In Germany itself, after years of terror and bloodshed, a carpet of destruction and desolation had spread over the land. [illegible] lay in ruins, her cities in ruins, and her [illegible] had been destroyed. Great Britain had exhausted her resources to carry on her part of the struggle. [illegible] had been mobilized, with everybody of [illegible] to the armed forces or es-

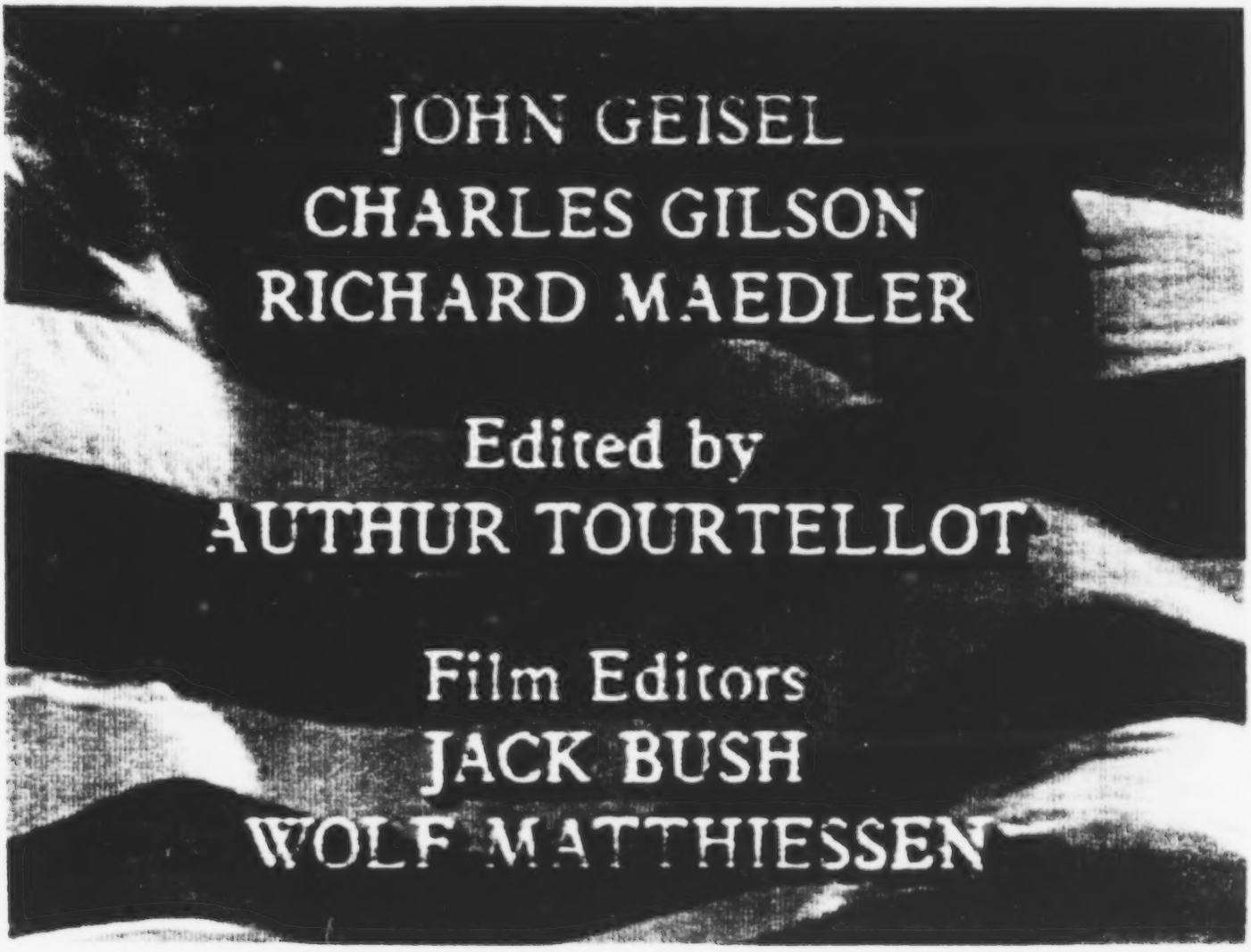
S.App.17


Adapted for Television by
FRED FELDKAMP
Assisted by
ALLEN DIBBLE
Researched by
NANCY HILL

S.App.18


Directors
GEORGE R. BLACK
JACK GLENN
GREY LOCKWOOD
LEN LYE
WILLIAM C. ZUBILLER
Camera
NICK CAVALIERE
JOHN GEISEL

S.App.19


JOHN GEISEL
CHARLES GILSON
RICHARD MAEDLER
Edited by
AUTHUR TOURTELLOT
Film Editors
JACK BUSH
WOLF MATTHIESSEN

S.App.20

WOLF MATTHIESSEN
Assistant Film Editors
LARRY KREEGER
LUISE LOGUE
ANNA LANG
MARTHA SCHWARZ
SALLY LINDSAY
Sound
A. A. GIROLAMI

S.App.21

Sound
A.A. GIROLAMI
W.K. HAWK
Audio Effects by
JACK SHAINDLIN
Librarian
WILLIAM KILCULLEN
Narrated by

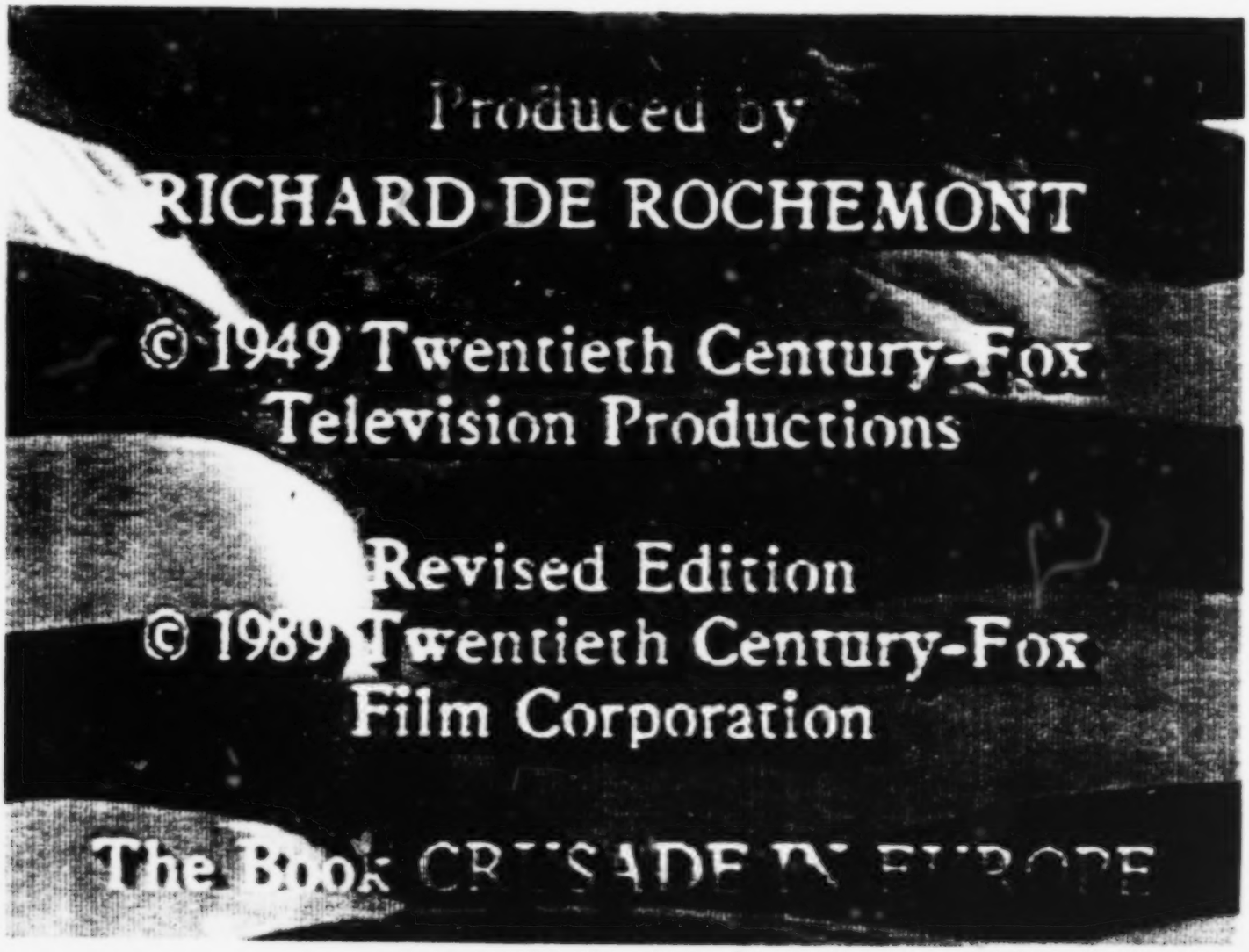
S.App.22

Narrated by
WESTBROOK VAN VOORHIS
Quotes from Eisenhower by
MAURICE JOYCE
Production Manager
ROBERT W. SCHOFIELD
Historical Action Films by

Historical Action Films by
U.S. ARMY
U.S. NAVY
U.S. COASTGUARD
British Ministry of Information
British War Office
National Film Board of Canada
Newsreel Pool Cameramen
Produced by

S.App.23

S.App.24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Revised Edition
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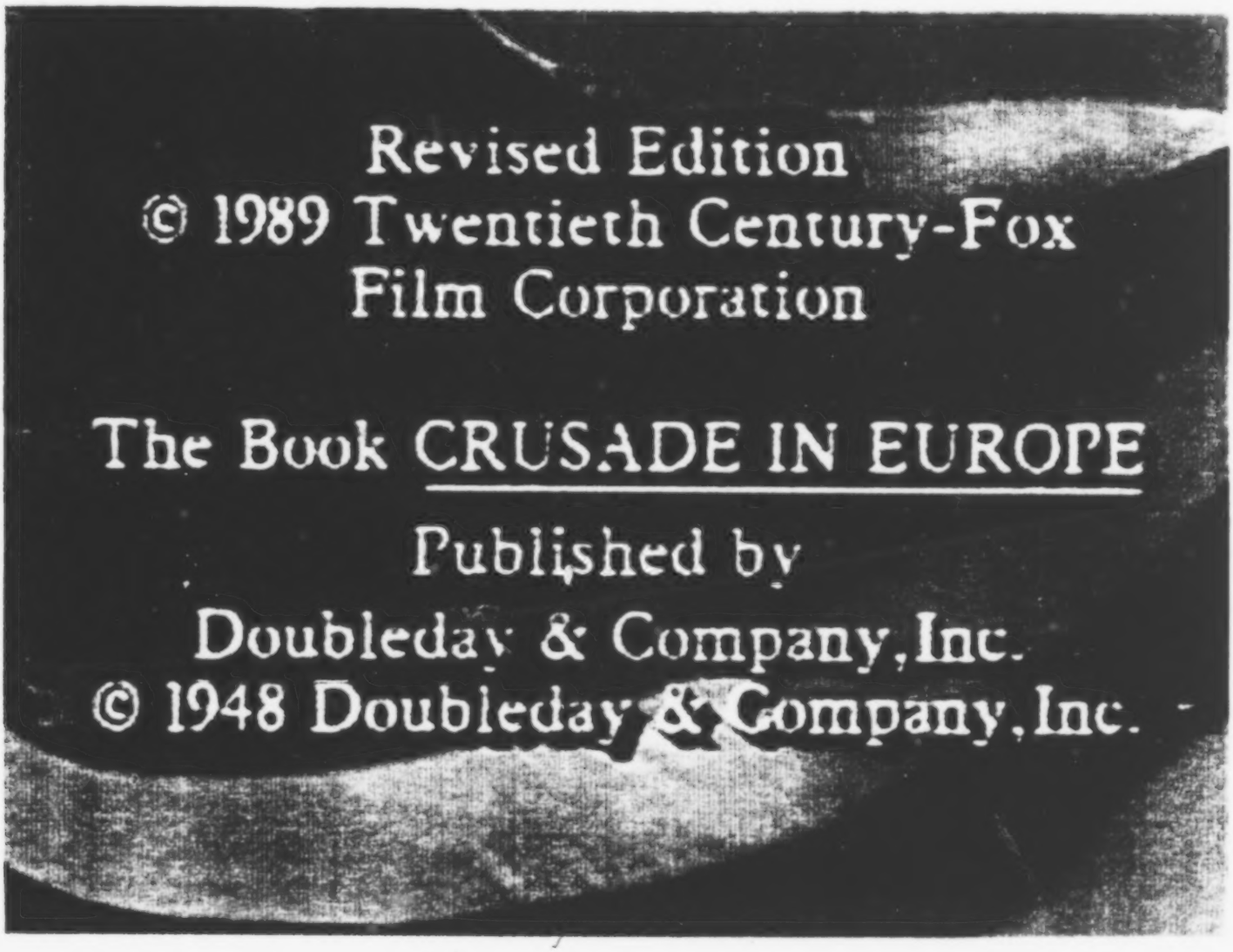
Revised Edition
© 1989 Twentieth Century-Fox
Film Corporation
The Book CRUSADE IN EUROPE
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S.App.25

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EXHIBIT NO. 29
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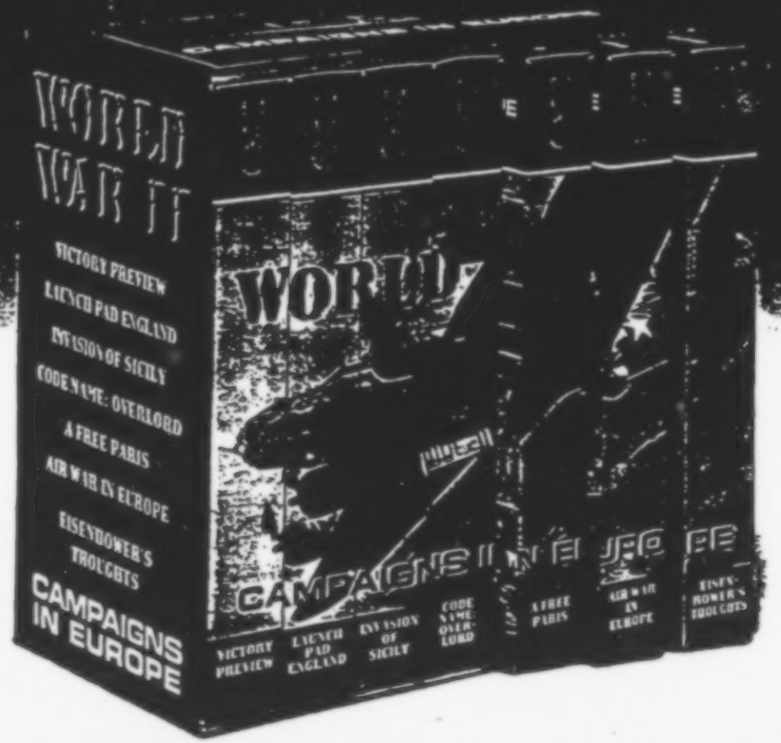
CAMPAIGNS IN EUROPE



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CODE NAME: OVERLOAD
APPROX. 98 MINUTES

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A FREE PARIS
APPROX. 90 MINUTES

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AIR WAR IN EUROPE
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FILM SUPERLIST
MOTION PICTURES IN THE U.S. PUBLIC DOMAIN
1950-1959

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N, N, N, N = COPYRIGHT NOT RENEWED
R/N and N/R = SOME COPYRIGHTS were renewed
For more information, see the alphabetical listings

Index

An alphabetical list of the names of persons and organizatio associated with the motion pictures listed in the main sectic as claimant, producing, releasing, or distributing agent, etc or as author of the work upon which the motion picture is base Under each name are listed the titles of the respective motic pictures.

A

AA FOUNDATION FOR TRAFFIC SAFETY.
Borrowed Power.1951
Dad Wakes Up.N
Lakewood Learns To Live.N
Mickey's Big Chance.N
Talking Car.
Your School Safety Patrol.
A T FILM PRODUCTIONS, INC.
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AC FILM SYNDICATION, INC.
Three Musketeers.N
AC Inc.
AC FILMS, INC.
AC Inc.
AC-TT PICTURES CORP.
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Girl in the Woods.
Unearthly.RE364413
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Golgotha.
A.C. SPARK PLUG DIVISION.
GENERAL MOTORS CORP.
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Nature Girl and the Slaver.N
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A/S NORDISK FILMS KOMPAGNI.
SEE Nordisk Films Kompagni, A/S.

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Pajama Game.
ABBOTT LABORATORIES.
Radio Pharmaceuticals Reactor to Physician.N
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Ghost Ship.
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Academy of Motion Picture Arts and Sciences 32nd Annual Awards Program.
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Memento in Music.
Screen Actors.
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Cowboy's Lament.
He's Gone Away.
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Money in the Bank.
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Paganini.
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Troubled Harbor.
Vain Glory.
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Al Capone.
ACORN FILMS OF NEW ENGLAND, INC.

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AETNA CASUALTY & SURETY CO.
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Can You Follow and Turn Safely.N
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Don't Skid Yourself.
Driving an Automatic Shift Car.
Driving in Heavy City Traffic.
Driving in Light City Traffic.
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How To Steer Like an Expert.
How To Turn the Car Around.
How Well Can You Drive on Country Highways.
How Well Can You Steer.
Introducing the Driverainer.
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Learning To Shift and Steer.
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Paddle a Safe Canoe.1957
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St. George and the Dragon. © 27Jan54; LP5830.N

The Singing Preacher. © 23Jan54; LP5839.N

Sky Pilot of the Cumberlands. © 29Nov54; LP7200.N

Strange Bedfellows. © 17Feb39; LP5940.N

Tenement Saint. © 14Dec54; LP7817.

Thanksgiving Prayer. © 23Nov54; LP7819.

Through the Window. © 8Jun54 [in motion 1953]; LP7739.

Timberland Preacher. © 18Nov54; LP7801.

Too-Tinted Saint. © 6Apr54; LP6373.N

Vivi Staining Bright. © 23Dec53; LP5788.N

Weekend Minister. © 11Jun57 [in motion 1954]; LP7831.N

The White Carnation. © 27Apr54; LP6459.

With Charity for All. © 19Oct54; LP7200.N

The Wreath. © 28May51; LP6777.

CROSSROADS. SEE Wanted: Dead or Alive, no.5378.

R CROSSROADS OF THE AGES. Universal Pictures Co. 1 reel, sd., color, 10 min. (U-I Color Parade) A Universal-International picture, Eastman color. © Universal Pictures Co., Inc.; 31Apr57; MP6373.

CROSSROADS OF THE WORLD. Warner Bros. Pictures. 9 min., sd., color, 35mm. (Scope Cine Special) Warner-Color. © Vitaphone Corp.; 22Dec56; MP7618.

R CROSSWICK. Paramount Pictures Corp. Unreleased. 1951. 52 min., sd., color, 35mm. Based on the novel, New Guinea Gold, by Thomas Bowie. © Paramount Pictures Corp.; 10Oct51; LP1238.

THE CROW. SEE Locale.

CROWD PLEASER. SEE Alcoa-Goodyear Theatre, 9178.

THE CROWDED AIR. SEE The Twentieth Century, Apr. 27, 1958.

CRUISE OF CUPS. Drive Battery. Made by Campbell-Ewald Co. 90 sec. Appl. author: Edward Trexler. © Campbell-Ewald Co.; 18Feb57; MU6379.N

CROWN OF SILLA. SEE Richard Diamond, Private Detective, no.6012.

CROWS, OWLS AND A SHOTGUN. SEE Adventure Out of Doors, no.16.

THE CRUCIFIX ON MY WALL. SEE El Cristo de Mi Cabecera.

THE CRUCIFIXION. Family Films. 30 min., sd., bw, 16mm. (The Living Christ Series, no.13) With teacher's study guide. Screenplay, Arthur T. Berman. © JAT Productions; 17Feb53; MP3043.

CRUCIFIXION AND RESURRECTION. Cathedral Films. 30 min., sd., bw, 16mm. (The Living Christ Series, no.13) With teacher's study guide. Screenplay, Arthur T. Berman. © JAT Productions; 17Feb53; MP3043.

R THE CRUEL SEA. Ealing Studios, London. Released in the U. S. by Universal International Films. 14 reels, sd., bw, 35mm. Based on the novel of the same title by Nicholas Monserrat. © Ealing Studios, Ltd.; 12May53; LP2185.

R THE CRUEL TOWER. Lindsley Parsons Productions. Released by Allied Artists Pictures Corp. 90 min., sd., bw, 35mm. Based on the novel by William R. Hartley. © Allied Artists Pictures Corp.; 9Oct56; LP7180.

CRUISE CAT. Looney Tune. 1959. 7 min., sd., color, 35mm. (Tom and Jerry Cartoon) A Metro-Goldwyn-Mayer Cartoon. © Loew's Incorporated; 11Sep59 [in motion 1959]; LP19331.

R CRUISE OF THE EAGLE. Walt Disney Productions. Released by Buena Vista Film Distribution Co. 1 reel, sd., Technicolor, 33mm. (Frontier and Pioneer) CinemaScope.

R CRUISE OF THE ZACA. Vitaphone Corp., 1953. 58 min., part color, 35mm. A Warner Bros. short subject. © The Vitaphone Corp.; 15Dec53; MP2048.

R CRUISE SHIP. RKO Radio, 1951. 10 min., sd., bw, 35mm. (This Is America Series, no.7) © RKO Radio, Inc.; 31Mar51; MP1467.

A CRUISE SHIP. SEE City Detective.

R CRUISIN' DOWN THE RIVER. Columbia Pictures Corp. 8 reels, sd., color, 35mm. Technicolor. © Columbia Pictures Corp.; 31Aug53; LP3883.

N CRUISING THE WEST INDIES: HAVANA. Andre De La Varre, 10 min., sd., bw, 16mm. A Screen Traveler picture. © Andre De La Varre; 13Aug58; MP5391.

CRUNCH AND DES. Pembroke Co. Released by NBC Television Films. 39 min. each, sd., bw, 16mm. © Pembroke Co., Ltd.

Boomerang. © 24Aug56; LP11872.

Crunch Catches a Negrin. © 24Jul56; LP11321.

Hot Rod and Revel. © 31Jul56; LP11377.

Key Jimo. © 24Aug56; LP11876.

Man Who Had Been Around. © 8Jul56; LP11338.

A Matter of Faith. © 14Aug56; LP11875.

Night Strike. © 14Aug56; LP11318.

The Old Crow Gal. © 8Jul56; LP11319.

Salt Water Deity. © 31Aug56; LP11874.

Sol, Rooney, Lime and Simon. © 18Mar58 [in motion 1958]; LP6619.

Crunch Catches One. © 15Feb56 [in motion 1958]; LP6618.

Des-A. Big Catch. © 25Aug56; LP6833.

The Expert. © 23Feb58 [in motion 1958]; LP6810.

Crunch and the Golden Lure. © 28Oct56 [in motion 1958]; LP6819.

Ball Down. © 8Jun58 [in motion 1958]; LP6817.

Fresh Water Mermaid. © 30Jun56 [in motion 1958]; LP6793.

The Man Who Loved a Joke. © 29Mar56 [in motion 1958]; LP6816.

Strike Three. © 8Jun58 [in motion 1958]; LP6818.

Crazy Over Horse Mackerel. © 8Jun58 [in motion 1958]; LP6819.

Spare the Rod. © 24Apr58 [in motion 1958]; LP6799.

Light Tackle. © 23Apr58 [in motion 1958]; LP6791.

Fire on the Beach. © 15Feb58 [in motion 1958]; LP6793.

Sporting Blood. © 23Apr58; LP6794.

CRUNCH AND DES. Pembroke Co., Hamilton, Bermuda. Released in the U. S. by NBC Television Films. 39 min. each, sd., bw, 16mm. Based on the Philip Wylie stories from the Saturday Evening Post. © Pembroke Co., Ltd.

The Affair of the Ardent Amazon. © 27Aug58; LP6797.

Bad Luck Kid. © 16May58; LP19565.

The Big Ones Got Away. © 11Jun58; LP19565.

Eve and the Sea Serpent. © 30May58 [in motion 1958]; LP6726.

Fifty-four, Forty and Fight. © 18Apr58; LP19133.

A Fish for Billy. © 26Jul58; LP19565.

Missing Mariner. © 23May58; LP19127.

Nine, Ten and Out. © 4Jun58; LP19565.

Realistic Viewpoint. © 9May58; LP19133.

A Sober Talk from Sort. © 17Feb58 [in motion 1958]; LP6725.

The Shell Game. © 25Jun58; LP19343.

The Shipwreck of Crunch and Des. © 18Jun58; LP6726.

Sixth Sense. © 15Aug58; LP19196.

Smugglers Cove. © 18Jun58; LP19126.

Three Time Winner. © 16Jul58; LP6725.

CRUNCH CATCHES A MEGRIM. SEE Crunch and Des.

CRUNCH CATCHES ONE. SEE Crunch and Des, no.393.

CRUSADE IN EUROPE. Time, 1949. 26 motion pictures (25 min. each) sd., bw, 16mm. Cassette; 1. Prelude to War.—2. America's Unpreparedness.—3. America Goes to War.—4. Platform for Invasion.—5. Africa, Our First Offensive.—6. The Campaign.—7. Rommel Routed.—8. Sicily, Operation Husky.—9. Assault on Italy.—10. Rise and Fall of a Dictator.—11. The Ol, Hore of the War.—12. Victory in Italy.—13. Preparation for Invasion.—14. D-Day, Aug. 6.—15. Breakhead and Breakthrough.—16. Liberation of Paris.—17. Pursuit.—18. The Battle of Supply.—19. The Air War.—20. The Battle of the Bulge.—21. Crossing the Rhine.—22. Overrunning Germany.—23. Victory's Aftermath.—24. American Military Government.—25. Russia.—26. Review. © Twentieth Century-Fox Film Corp.; 28May49; MP3439.

CRUSADE IN THE PACIFIC. March of Time, 1951-53. 26 motion pictures (3 reels each), sd., bw, 16mm. © Time, Inc.

1. The Pacific in Eruption. © 23Aug51; MP3198.

2. Awakening to the Pacific. © 30Aug51; MP3201.

3. The Rise of the Japanese Empire. © 6Sep51; MP3202.

4. America Goes to War in the Pacific. © 13Sep51; MP3203.

5. The U. S. and the Philippines. © 20Sep51; MP3204.

6. The Navy Holds-1942. © 27Sep51; MP3205.

7. Guadalcanal: America's First Offensive. © 4Oct51; MP3206.

8. War in the Pacific: the Aleutians. © 11Oct51; MP3207.

9. The Road Back: New Guinea. © 18Oct51; MP3208.

10. Up to Solomons Ladder: Bougainville. © 25Oct51; MP3209.

11. Attack in the Central Pacific: Wakde and Tarawa. © 1Nov51; MP3700.

12. The War at Sea. © 8Nov51; MP3701.

13. Speeding up the Attack: the Marshalls. © 15Nov51; MP3702.

14. Stepping Stones to the Philippines. © 22Nov51; MP3703.

15. Battle for the Marianas. © 29Nov51; MP3704.

16. The War in the China-Burma-India Theatre. © 6Dec51; MP3705.

17. Palaus the Fight for Bloody Nose Ridge. © 13Dec51; MP3706.

18. MacArthur Returns to the Philippines. © 20Dec51; MP3707.

19. Bloody Iwo. © 27Dec51; MP3708.

20. At Japan's Doorstep: Okinawa. © 3Jan52 [in motion 1951]; MP3709.

21. The Air War on Japan. © 10Jan52 [in motion 1951]; MP3710.

22. The Surrender and Occupation of Japan. © 17Jan52 [in motion 1951]; MP3711.

23. Shifting Tides in the Orient. © 24Jan52 [in motion 1951]; MP3712.

24. War in Korea. © 31Jan52 [in motion 1951]; MP3713.

25. The Chinese Red Attack in Korea. © 7Feb52; MP3714.

26. The Future: Asia and the U. S. © 14Feb52; MP3715.

CRUSADER. © Alabama Productions, Inc., & Moss & Lewis, Inc., G.P.O. Crusader Production Co.

Air Express to Tokyo. © 23Jul53; LP3189.

The Assassin. © 5Nov59; LP6774.

The Bargain. © 4Aug59; LP6773.

Blackmail. © 19Nov59; LP6771.

The Boxing Match. © 21Jul59; LP6776.

Christmas in Burma. © 10Nov59; LP6765.

The Confession. © 11Nov59; LP6772.

Cross on the Hill. © 30Jul59; LP6775.

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ABOUT WALTER E. HURST, ATTORNEY

Walter Ernest Hurst was licensed to practice law in New York in 1953, in the District of Columbia in 1955, in California in 1956.

Walter Ernest Hurst was admitted to practice before the United States Supreme Court in 1958, The United States Customs Court in 1958, The U.S. Court of Customs and Patent Appeals in 1958, The Court of Appeals for the Ninth Circuit in 1956, The Court of Appeals for the Second Circuit in 1960, The Court of Appeals for the Federal Circuit in 1987, The U.S. District Court for the Eastern District, N.Y. in 1955, The U.S. District Court for the Southern District, N.Y. in 1955, The U.S. District Court for the Southern District of California in 1956, The U.S. District Court for the Northern District of California in 1958, The United States Court of Military Appeals in 1958, The United States Tax Court and other courts.

Walter E. Hurst received the degree of Juris Doctor from New York University.

"Dr." Hurst belongs to the *American Bar Association, California Bar Association, New York State Bar Association, County of Los Angeles Bar Association, Beverly Hills Bar Association, and the Hollywood Bar Association.*

Hurst's music industry legal clients have won hundreds of gold and platinum records. Hurst's creative clients have contributed their talents to the production of records, radio and television shows, live performances, and films.

Hurst's legal work includes copyright title searching and analysis.

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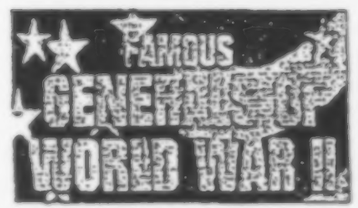
"Campaigns in Europe" provides actual accounts of all those military actions whose names chill the blood for the generations that lived through them, whose valor and sacrifice were displayed at Dunkirk, Salerno, Normandy, The Bulge, Sicily, Tunisia and other landmark battlegrounds. Approximately 8 Hours - Black & White VHS
Item #30173 - Seven Video Set



This timely video collection brings to life the stories of the gallant leaders of World War II; the war time Generals. These men were responsible for assembling and leading the most powerful war machine in history. Featuring: Joseph W. Stillwell, Omar Nelson Bradley, Henry H. Arnold, George Patton, Dwight D. Eisenhower, Douglas MacArthur and George Marshall. Approximately 6 Hours - Black & White VHS
Item #31123 - Seven Video Set

See the beautiful images of nature's wondrous presence with it's rolling clouds, colorful countryside, majestic seashores, Summer's blooming flowers, and much more. We invite you to enjoy the therapeutic and relaxing music contributed by many talented musicians as you enjoy this video series. Approximately 3 1/2 Hours - Color VHS
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EDI Presents
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This seven volume collectors series will take you back to the early days of todays musical and comedic performers as they were emerging into the club scene. Every volume will evoke vivid memories as you return to the sixties-to the exciting live performances in Greenwich Village, where talent thrived and stars were born. Featuring: Neil Diamond, Carly Simon, Janis Ian, Frank Zappa, Richie Havens, John Denver, Linda Ronstadt and many more!!! Approximately 7 Hours - Color VHS
Item #31203 - Seven Video Set

"Sea of Honor" is an informative 7 video set on the history of the U.S. Navy. With the independence of the U.S. from Britain came the appreciation of having a Navy protecting our shores. From the early days of our country forward to today, watch as the U.S. Navy continually created new and exciting vessels from the submarine to the first Naval Airplane. Approx. 5 Hours - Color and B/W VHS
Item #30653 - Seven Video Set

In 1942 Japanese fighting forces seemed invincible as they swept into the Philippines, Malaysia, the Dutch East Indies and the Burma. But as this heart-stopping series shows, Japan's warlords fatally underestimated the skill, courage and fast-growing firepower of the Allies in the Pacific
Approximately 10 Hours - Black & White VHS
Item #30253 - Seven Video Set

This 1950's television series starring Reed Hadley, uses the actual files from various big city police bunko and fraud departments. Each true life chapter tells the story of a con man who tries to defraud the unsuspecting public.
Approximately 7 Hours - Black & White VHS
Item #30883 - Seven Video Set

See this comprehensive documentary of the American Railroad Legacy when the great trains enjoyed the admiration of the entire world. You will cherish this video series for it's history, it's nostalgia and it's true affinity for a classic way of life.
Approximately 7 Hours - Color and Black & White VHS
Item #30493 - Seven Video Set

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The "Silent Films" series offers a rich sampling of the creativity and the entertainment of the era by showing you favorites of the 1920's. Douglas Fairbanks in "The Mark of Zorro," Rudolph Valentino in "Blood & Sand," Buster Keaton in "The General," Charles Chaplin in "The Gold Rush," Lon Chaney in "The Hunchback of Notre Dame," Mary Pickford in "Pollyanna," and John Barrymore in "Dr. Jekyll and Mr. Hyde". Approx. 10 Hours B & W VHS
Item #30573 - Seven Video Set

"This is an enlightening series aiming to get at the dark ideologies at the core of world terrorism." The Chicago Tribune. Watch this 'eye-opening' video series as it explores the roots of international terrorism, from ethnic terrorism to counter terrorism. Much information is revealed about many key terrorist groups, their ideologies and their leaders.
Approximately 6 1/2 Hours Color VHS
Item #30723 - Seven Video Set

"Wings of Glory" is an entertaining, lively and informative history of the United States Air Force. This series covers the amazing technical progress of four decades of the great campaigns from World War One's Saint' Michiel to the World War II Allied victory.
Approximately 5 Hours - Color and Black & White VHS
Item #30413 - Seven Video Set

Explore with us now as we journey trough the lives and times of seven American women who have through their achievements brought a better view and understanding of the type of struggle some of our more accomplished American women have endured. Interviews with Princess Grace, Gloria Steinem, Helen Gurley Brown, Sally Ride, "Dear Abby" Lady Bird Johnson and Barbara Jordan. Approx. 7 hours - VHS
Item #31043 - Seven Video Set

In this informative 7 volume video set, you will witness through US Govt. footage and newsreel cameramen the dramatic moments from the earliest days of the US intervention in 1950 to the historical Armistice Treaty in 1953. Watch from the first unsuccessful days of battle to the advance on the Manchurian border and finally onward to the "real" battle against the Red Chinese Army. Approx. 4 1/2 Hours - Black & White VHS
Item # 31763 - Seven Video Set

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Join us on a journey into the galaxy of Hollywood's biggest movie stars. You'll see vivid portraits of some of filmdom's greatest female movie legends: Audrey Hepburn, Marilyn Monroe, Ingrid Bergman, Grace Kelly, Lauren Bacall, Bette Davis and Katharine Hepburn.
This is a must for any fan of Hollywood's Golden Age.
Approximately 3 1/2 Hours - Color VHS
Item #31363 - Seven Video Set

Join us on a journey into the galaxy of Hollywood's biggest movie stars. You'll see vivid portraits of some of filmdom's greatest male movie legends: Kirk Douglas, Cary Grant, Paul Newman, James Stewart, Sean Connery, John Wayne and Robert Redford.
This is a must for any fan of Hollywood's Golden Age.
Approximately 3 1/2 Hours - Color VHS
Item #31283 - Seven Video Set

This unique video set describes in great detail seven of the key war planes of World War II. Starting with the B-17 "Flying Fortress" pounding the Reich by day, with escorting P-47 "Thunderbolts" and P-51 "Mustangs" sweeping the Luftwaffe from their path, onto the B-24 "Liberators" pulverizing the Reich's crucial oil fields. Witness the P-40 "Warhawks" and P-38 "Lightning" in early, bitter battles. Finally, the mighty B-29 "Superfortress" hammering Japan to it's knees before the final, awful blow of the first atomic bombardment. Color and B & W / Approx. 5 hrs
Item #31843 - Seven Video Set

Until the growth of television, newsreels, (short films of various contemporary events), flashed upon motion picture screens in local theaters providing movie goers with their "window on the world." At the height of their popularity, these part journalism, part entertainment newsreels were seen by 40 million Americans each week.
Black & White / Approximately 7 hours VHS
Item #31923 - Seven Video Set

Saddle up and get ready for some great musical western action! This star-studded, all-star lineup of your favorite singing cowboys includes: Gene Autry (Man of the Frontier), John Wayne (Riders of Destiny), Roy Rogers (Come on Rangers), Rex Allen (Colorado Sundown), Tex Ritter (Sing Cowboy Sing), Jimmy Wakely (Song of the Drifter) and Eddie Dean (Wild Country). Black & White / Approximately 7 hours VHS
Item #31443 - Seven Video Set

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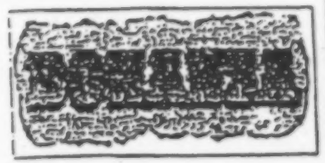

Created by producer David Dortort, the first ever color series, Bonanza, premiered on Saturday night, September 12th, 1959. The show started with little recognition and eventually was moved to a new Sunday night time slot. The series then caught fire and became one of television's top rated shows through most of the mid sixties. It's heroes were members of the Cartwright clan, The Ponderosa, the largest ranch in Nevada, near Virginia City, NV. Bonanza finished its 14 year run second only to Gunsmoke as the longest running and most successful western in the history of television.
Color / Approximately 7 Hours VHS Item #32443 - Seven Video Set

Watch this remarkable series, using rare newsreel footage, featuring military events that involved our armed forces from the military build up in 1914 through 1954.
Witness: The deployment of US troops into the 'war to end all wars'...The peacetime demobilization of the 1920's and 1930's...The rise of Hitler and Mussolini...The return to World War..and the devastation of worldwide aggression ...The 'police action' in the bloody Korean intervention...Fifty years of Aviation from 1904 to 1954 and the history of the US Calvalry... Our military tradition of bravery and courage that has inspired many armies to victory. Black & White
Approximately 7 Hours VHS Item #32343 - Seven Video Set

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Your order will ship via UPS or US Post depending on the size of your package. We will normally ship your order within 24-48 hours. Please allow 5-10 days for delivery. If any of the items you order are temporarily out of stock, we will notify you via phone or mail of anticipated delivery to our warehouse and shipment date to you.

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$40.01 to $50.00	$6.00	$10.95	$16.95
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Shipping & Handling	
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Ordered By:

Name _____

Address _____

City, State, Zip _____

Daytime # _____ Evening # _____

Ship To: (only if different than "Ordered By")

Name _____

Address _____

City, State, Zip _____

Daytime # _____ Evening # _____

Please release all gifts from marked by _____

ITEM #	DESCRIPTION	UNIT PRICE	QUANTITY	TOTAL

Shipping & Handling

Standard	2nd Day UPS	Next Day UPS
Up to $15.00	$7.00	$12.00
$15.01 - $30.00	$8.00	$13.00
$30.01 - $50.00	$9.00	$14.00
$50.01 - $75.00	$10.00	$15.00
$75.01 - $100.00	$11.00	$16.00
Over $100.00	$12.00	$17.00

Order

Prices:
Classical CD Sets: $9.99 ea.
Video Box Sets: $29.95 ea.

Sub Total _____

Shipping & Handling _____

TOTAL _____

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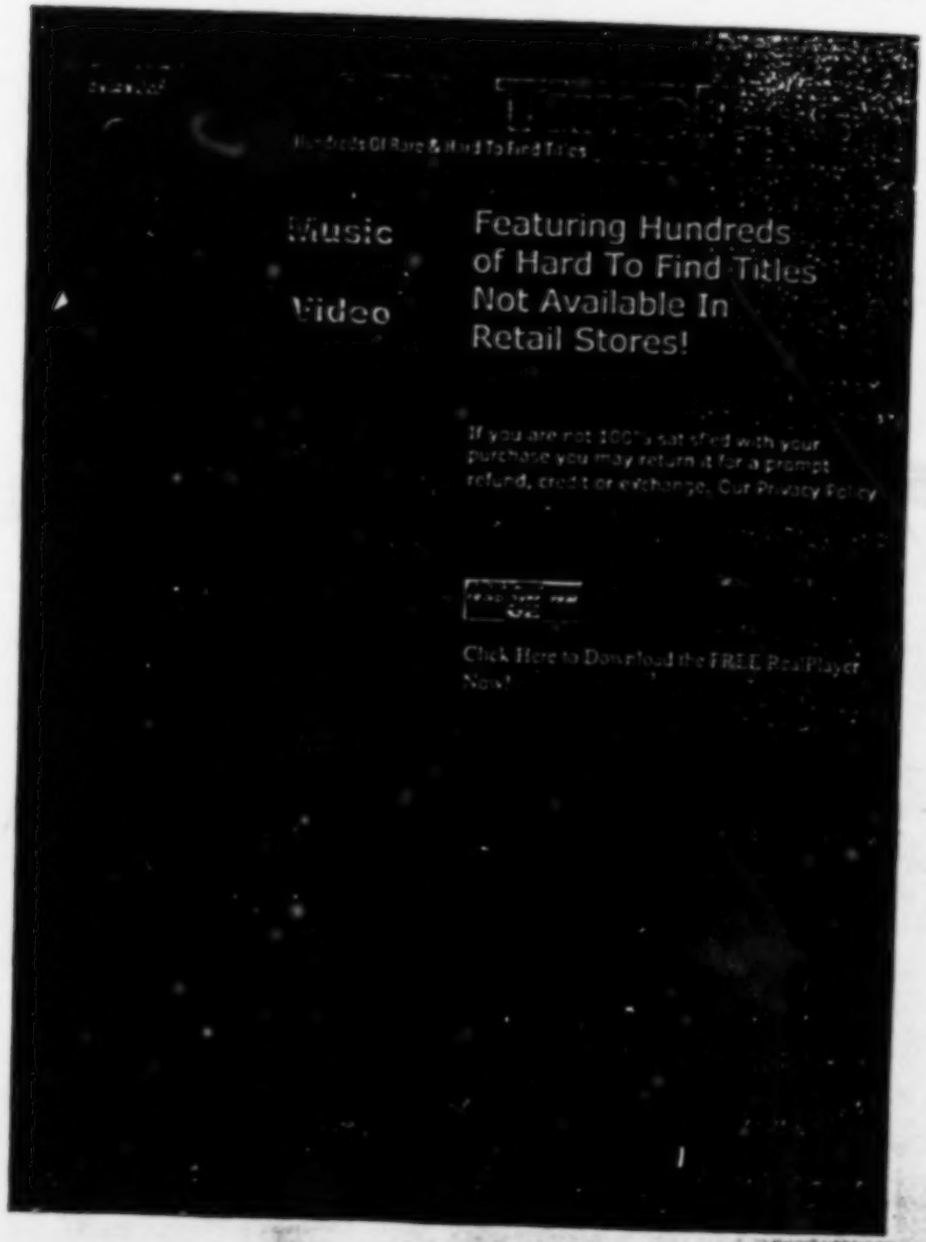
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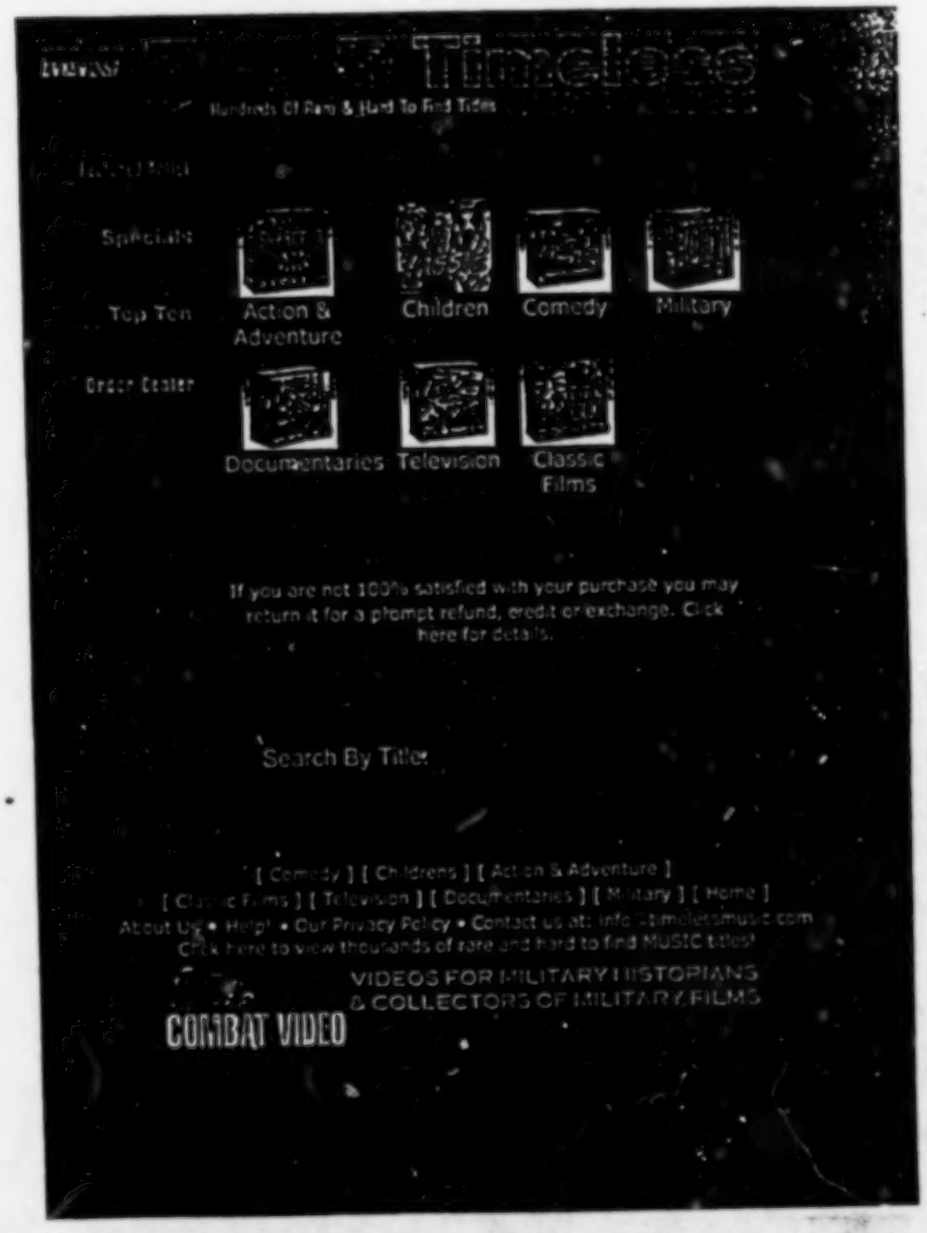
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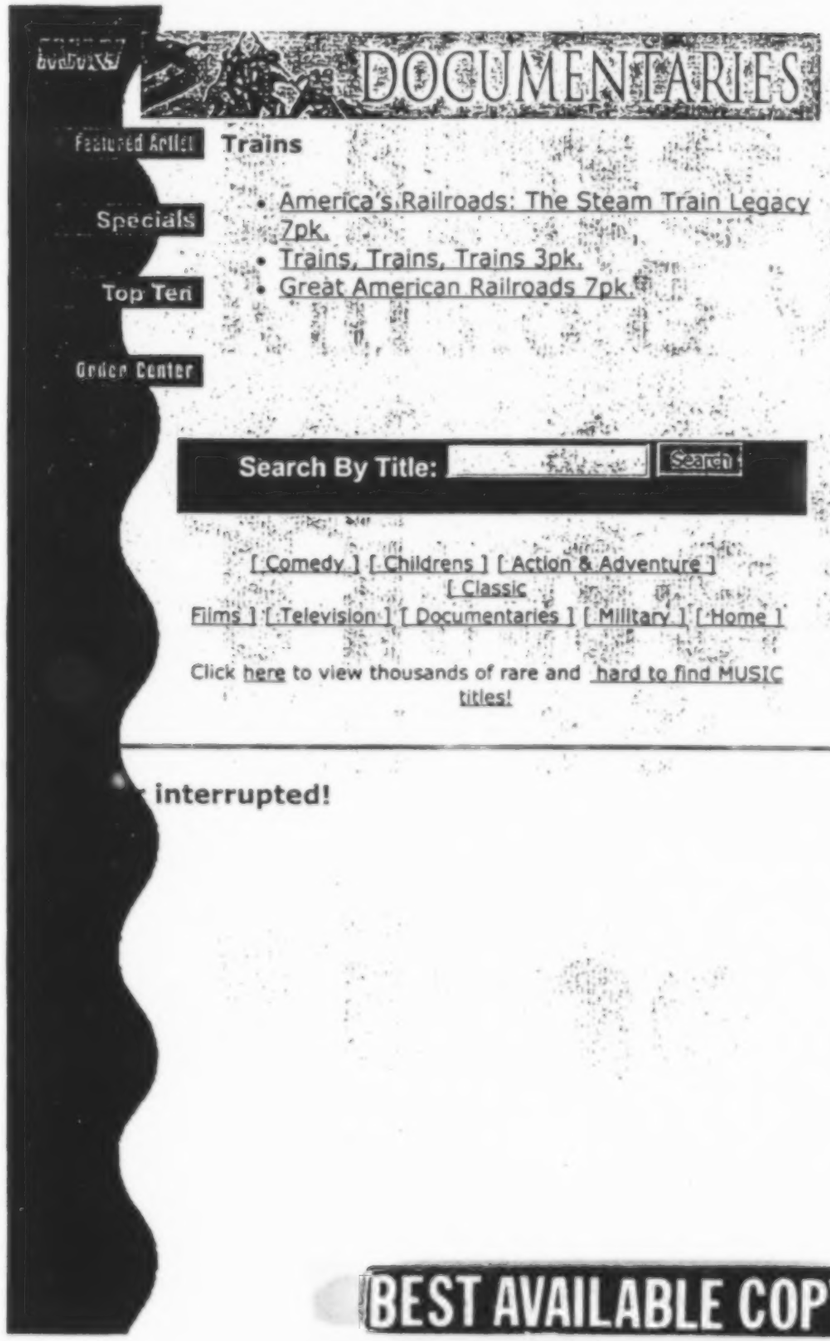

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- Sea Of Honor The U.S. Navy Story 1775-1945 7pk.
- Terrorism: A world in Shadows 7pk.
- This Film Is Restricted 7pk.
- Vietnam Combat 7pk.
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- The U.S. Army in Action 7pk.
- Warbirds of World War II 7pk.
- Great Battles Of WWII 7pk.
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- This Film Is Restricted 3 pk.
- World War II - Canada at War 7pk.
- Civil War Battle Fields 7pk.
- Home Front USA 1941-1945 7pk.
- Flight Check Combat Missions 7pk.
- Tigers of the Sea 7pk.
- Uncommon Valor 7pk.
- Warbirds of WWII: Volume Two 7pk.
- Documentaries of World War II 7pk.
- The Big Picture 7pk.
- The Great War: World War I 7pk.
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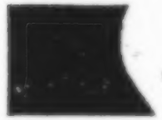

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United States

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Fax. (714) 526-4964

Proprietor, Ronnie L. James

EXHIBIT NO. 40
C & C REPORTING

SUBJECT: CRUSADE IN EUROPE.

CRUSADE IN EUROPE was a television series, comprised of twenty-six twenty-minute World War II documentary films, produced by The March of Time and Twentieth Century-Fox. CRUSADE film prints were distributed for firtruns beginning Thursday, May 5, 1949 on national ABC television network stations, with national sponsors Life and Time magazines. CRUSADE film prints were then syndicated for reruns beginning in 1950 on various local television stations, with various local and regional sponsors: CRUSADE film prints were also available for non-theatrical distribution to schools, libraries, industry, church groups, the armed forces, etc.

In Catalog of Copyright Entries, Third Series, Motion Pictures and Filmstrips, January-June 1953, published by the Copyright Office, The Library of Congress, Washington, D.C. in 1953 ... the entire CRUSADE IN EUROPE series was listed as registered for copyright as a single work during the six-month period covered by the catalog. The listed registration reads, (c) Twentieth Century-Fox Film Corp.: 5May49, MP3429. "MP3429" is the registration number, Class "M" is motion pictures other than photoplays, "P" is a published work, "5May49" is the publication date, and "Twentieth Century-Fox Film Corp." is the claimant. The listed registration does not cite a basis or inclusion of any previous work(s). For the listed registration, no renewal registration could be found during 1976-77, and the registration then expired. The listed registration may have also been initially invalid, as there is a discrepancy found with the actual film prints, whose copyright notice claimant name reads, "Twentieth Century-Fox Television Productions".

In the early days of television in the United States, during the 1940's and 1950's, some major movie production-distribution companies were reluctant to become too involved in the new medium, because of conflicting theatrical/exhibition interests. One such movie company, Twentieth Century-Fox, initially allowed their productions to be distributed to tv by others. So at first, CRUSADE was syndicated by The March of Time Television Sales Department. Circa 1955, syndication was assumed by Unity Television Corp. Circa 1958, syndication was assumed by Screen Gems, Inc., television subsidiary of Columbia Pictures Corp. Circa 1962, syndication was at last assumed by Twentieth Century-Fox Television, Inc. But circa 1970, domestic syndication was no longer listed in the major U.S. tv trade publications. Perhaps the series had become too tough to sell, because of its age and its odd short individual running times. But CRUSADE IN EUROPE had enjoyed a twenty-year span of active if convoluted distribution, difficult if not impossible to fully account at this late date.

Ronnie James

Ronnie James
Friday, January 29, 1999

001119

40-1

Crusade in Europe television series. Head credit sequences.

Part 1, "Prelude to War"

H1: Life and Time Present
Crusade in Europe

H1: Life and Time, the weekly newsmagazine, Prgsent
H2: Crusade in Europe
Copyright MCMXLIX by Twentieth Century-Fox Television Productions
H3: by Dwight D. Eisenhower
H4: A March of Time Production
H5: by arrangement with 20th Century-Fox
H6: Edited by Arthur Tourtellot
Adapted for Television by Fred Feldkamp
Assisted by Allen Dibble
Researched by Nancy Hill
H7: Film Editors, Jack Bush, Wolf Matthiessen
Audio Effects, Jack Shaindlin
H8: Librarian, William Kilcullen
Assistant Film Editors, Larry Kreeger, Louise Logue, Anna Lang, Martha Schwarz, Sally Lindsay
H9: Production Manager, Robert W. Schofield
Directors, George R. Black, Jack Glenn, Grey Lockwood, Len Lye, William C. Zubiller
H10: Camera, Nick Cavaliere, John Geisel, Charles Gilson, Richard Maedler
Sound, A.A. Girolami, W.K. Hawk
H11: Narration by Westbrook Van Voorhis
Quotes from Eisenhower by Maurice Joyce
H12: This pictorial record of man's greatest feat of arms could never have been assembled without the historical action films made by
H13: U.S. Army, U.S. Navy, U.S. Coast Guard, British Ministry of Information, National Film Board of Canada, Newsreel Pool Cameramen
H14: Produced by Richard de Rochemont

Parts 2-18

H1: Crusade in Europe (ABC network prints, presented by Life and Time)
H2: This Is A Syndicated Feature of the American Broadcasting Company

H1: Crusade in Europe
Copyright MCMXLIX by Twentieth Century-Fox Television Productions
H2: by Dwight D. Eisenhower
H3: A March of Time Production
H4: by arrangement with 20th Century-Fox
H5: Adapted for Television by Fred Feldkamp
Assisted by Allen Dibble
Film Editors, Jack Bush, Wolf Matthiessen
Narration by Westbrook Van Voorhis
Quotes from Eisenhower by Maurice Joyce
H6: This pictorial record of man's greatest feat of arms could never have been assembled without the historical action films made by
H7: U.S. Army, U.S. Navy, U.S. Coast Guard, The British War Office and The Ministry of Information, The National Film Board of Canada.
H8: Edited by Arthur Tourtellot
H9: Produced by Richard de Rochemont

Parts 19-26

H5: substitute. Narration by Hugh James

0011-0

NET SHIPMENTS: CAMPAIGNS IN EUROPE 30173/ Z30173

10/95:	3	07/97:	211
11/95:	3	08/97:	162
12/95:	1	09/97:	891
01/96:	5	10/97:	1746
02/96:	111	11/97:	2256
03/96:	259	12/97:	2140
04/96:	97	01/98:	145
05/96:	140	02/98:	24
06/96:	282	03/98:	672
07/96:	156	04/98:	2640
08/96:	567	05/98:	1433
09/96:	1	06/98:	378
10/96:	2422	07/98:	260
11/96:	2142	08/98:	(1138)
12/96:	2149	09/98:	225
01/97:	1227	10/98:	1544
02/97:	1140	11/98:	1249
03/97:	2948	12/98:	1126
04/97:	739	01/99:	344
05/97:	1507	02/99:	201
06/97:	1156	03/99:	414
		04/99:	380
		05/99:	(587)
		06/99:	3
	TOTAL		33,774

sjh
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EXHIBIT NO. 61
C & C REPORTING

61-1

S.App.54

AMPAIGNS IN EUROPE: MONTHLY SHIPMENTS/RETURNS: 07/01/99 - 07/31/00

MONTH	OUTBOUND	(RETURNS)	NET
07/99	42	(54)	(12)
08/99	77	(81)	(4)
09/99	11	(24)	(13)
10/99	1,109	(5)	1,104
11/99	538	(11)	527
12/99	312	(10)	302
01/00	10	(131)	(121)
02/00	52	(22)	30
03/00	46	(16)	30
04/00	-0-	(2)	(2)
05/00	-0-	(17)	(17)
06/00	6	(21)	(15)
07/00	1	(18)	(17)
	2,204	(412)	1,792
08/00	-0-	(5)	(5)

sjh
08/06/00
EDI

EXHIBIT
61-1A

S.App.55

EXHIBIT NO. 23
C & C REPORTING

August 14th, 1996

Dale Reed
30147 El Rio Lane
Junction City, OR 97448

Dear Dale:

Please find enclosed the scripts for Campaigns in Europe and Campaigns in the Pacific for our shoot next week. Just so you know, there are a few areas that don't quite flow just right, so I am trying to work these areas out before the shoot.

If you have any questions as you go through this please feel free to call us at any time.

Thank you.

Sincerely,

Jennifer Nolte

/jn

001020

23-1

S.App.56

CAMPAIGNS IN EUROPE

HELLO AND WELCOME TO ARMCHAIR THEATER'S PRESENTATION OF THE WORLD WAR TWO SAGA, CAMPAIGNS IN EUROPE. I'M YOUR HOST DALE REED. WORLD WAR II WAS AN EVENT OF IMMENSE MAGNITUDE IN THE WORLD'S HISTORICAL TIME LINE. IT WAS FOUGHT ACROSS SIX OF THE WORLDS' SEVEN CONTINENTS AND ON ALL OF IT'S OCEANS. SOME FIFTY MILLION PEOPLE WERE KILLED IN THIS TRULY GLOBAL CONFLICT AND HUNDREDS OF MILLIONS WERE WOUNDED. FOR SIX DARK YEARS FROM 1939 TO 1945, ARMIES MARCHED AROUND THE WORLD, CITIES WERE DESTROYED, BOUNDARIES WERE CHANGED AND NEW ALLIANCES WERE DEVELOPED. THIS TRULY WAS THE LARGEST EVENT IN HUMAN HISTORY. BUT THERE WERE MANY ELEMENTS IN THIS SIX YEAR STRUGGLE. THIS SEVEN VIDEO PROJECT FOCUSES ON THE STORIES OF THE CAMPAIGNS OF THE EUROPEAN THEATER OF WAR. YOU WILL SEE THESE EVENTS THROUGH THE EYES OF TOWERING HISTORICAL FIGURES SUCH AS CHURCHILL, ROOSEVELT, DeGAULLE, STALIN, HITLER AND MUSSOLINI. YOU WILL ALSO SEE MANY OF THE MILITARY ENGAGEMENTS THAT OCCURRED, NAMES THAT WILL ENDURE IN HISTORY, SUCH AS DUNKIRK, SALERNO, NORMANDY, STALINGRAD, AND TOBRUK. YOU WILL SEE THE GREAT GENERALS, EISENHOWER, PATTON, ROMMELL AND MONTGOMERY, WHO WERE THE MEN WHO MASTERMINDED SOME OF THE MOST AMAZING

BATTLES IN HISTORY. SO NOW HERE IS CAMPAIGNS IN EUROPE A KEY PART OF THE LAST GREAT CONFLICT THAT CLEARLY PITTED GOOD AGAINST EVIL ON A WORLD SCALE.

VOLUME 1 OF OUR SERIES STARTS WITH AN OVERVIEW OF THIS SEVEN VIDE SERIES SHOWING THE HISTORY OF THE MAJOR BATTLES IN EUROPE DURING WORLD WAR 2, WHICH TURNED OUT TO BE PART OF THE LARGEST AND MOST VIOLENT CONFLICT IN THE HISTORY OF MANKIND. YOU WILL SEE HOW THE SEEDS OF THE GREAT WAR WERE PLANTED. FROM THE RISE OF ADOLPH HITLER ONTO THE JAPANESE ATTACK ON PEARL HARBOR. WATCH HOW THE STATESIDE CIVILIAN MEN AND WOMEN WENT TO WORK TO BUILD THE GREAT FIGHTING MACHINE NEEDED TO PROVIDE THE ALLIES WITH THE TAST OF FINAL VICTORY. SO HERE NOW IS THE BEGINNING OF OUR JOURNEY THROUGH CAMPAIGNS IN EUROPE.

VOLUME 2 SHOWS THE ARRIVAL OF THE UNITED STATES TROOPS ON BRITISH SOIL AS THE FIRST STEP TO STOP THE ONSET OF NAZI SOLDIERS FROM TAKING OVER MOST OF FREE EUROPE. AT THE SAME TIME, THE HOME FRONT STARTS PRODUCING WAR MATERIALS 24 HOURS A DAY, SEVEN DAYS A WEEK. WATCH THE FIRST ALLIED INVASION TAKE PLACE IN NORTH AFRICA AS THE ALLIED WAR PLAN UNDER GENERAL DWIGHT D.

EISENHOWER START TO TAKE SHAPE. SEE GENERAL ERWIN ROMMEL "THE DESERT FOX" LEAD THE HARD DRIVING AFRIKA KORPS AGAINST THE FRESH ALLIED INVADERS. HERE NOW IS LAUNCH PAD ENGLAND.

VOLUME 3 DEMONSTRATES HOW IMPORTANT THE ITALIAN BATTLES WERE TO THE FUTURE HOPES OF THE ALLIES. FROM THE INVASION OF SICILY ONTO THE MAIN THRUST UP THE ITALIAN BOOT, EVERY INCH FOUGHT IN RUGGED TERRAIN WITH ENDLESS SIEGES BEING THE ULTIMATE OUTCOME. FINALLY THE WILL OF THE ITALIAN PEOPLE WAS HEARD AND BENITO MUSSOLINI WAS SHOT AND HUNG IN A PUBLIC SQUARE RESULTING IN THE ITALIANS NO LONGER HAVING TO FIGHT SIDE BY SIDE WITH THE GERMANS. THE NAZIS WERE ON THEIR OWN. AND NOW...INVASION OF SICILY.

VOLUME 4 IN OUR SERIES IS CALLED CODE NAME: OVERLORD, THE SECRET NAME OF THE PLANNED ALLIED INVASION OF "FORTRESS EUROPE" ON THE RUGGED NORMANDY COAST. ON JUNE 6TH, 1944, THE MIGHTIEST STRIKING FORCE IN THE HISTORY OF WARFARE WAS CROSSING THE ENGLISH CHANNEL IN THE GREATEST AMPHIBIOUS ASSAULT EVER ATTEMPTED. AFTER A BLOODY OPENING ATTACK, THE DESIRED FOOTHOLD WAS ACHIEVED AND A TORRENT OF MEN AND

SUPPLIES WAS FLOWING ACROSS THE FORMERLY ENEMY HELD BEACHES. THE BEGINNING OF THE END HAD STARTED. HERE NOW IS CODE NAME: OVERLORD.

VOLUME 5 SHOWS THE ALLIES PUSH TO FREE PARIS FROM THE HANDS OF THE ENEMY, AND AT THE SAME TIME THE ALL IMPORTANT SUPPLY LINES WERE KEEPING THE ADVANCING ARMY ON THE GO AGAINST A STILL DANGEROUS FOE. SEE THE GI'S APPROACH THE FRONTIERS OF THE REICH. WATCH AS THEY ENCOUNTERED PREPARED DEFENSES, MAJOR RIVERS, MOUNTAINS AND FORESTS AND THE WORST EUROPEAN WEATHER IN 30 YEARS. VICTORY MAY BE AHEAD, BUT THE JOURNEY WAS NOT AN EASY ONE. AND NOW, HERE IS: A FREE PARIS.

VOLUME 6 IN OUR STORY SHOWS THE CLIMAX OF THE GREAT AERIAL WAR AGAINST THE LUFTWAFFE AS THE US WINS THE SKY BATTLE AND GAINS CONTROL OF THE AIR. SEE HOW THE MIGHTY BATTLE OF THE BULGE CATCHES THE ALLIES OFF GUARD. WATCH THE VITAL CROSSING OF THE RHINE. WITH THE NAZI EMPIRE COLLAPSING, AND THE ALLIES ADVANCING AT WILL, HITLER COMMITTED SUICIDE IN A BUNKER BENEATH THE RUINS OF HIS HEADQUARTERS. THE END WAS NEAR...HERE NOW IS AIR WAR IN EUROPE.

S.App.60

THE LAST AND FINAL CHAPTER IN OUR SAGA, IS VOLUME 7, WHICH GIVES US A REVIEW OF THE CAMPAIGNS THROUGH THE EYES OF THE MASTERMIND OF THE ALLIES VICTORY, SUPREME COMMANDER DWIGHT D. EISENHOWER. WATCH THE RESTORING OF THE EUROPEAN GOVERNMENTS AND THE REBUILDING OF THE CITIES AND FINALLY THE EMERGING ROLE OF THE USSR AND JOSEPH STALIN AS A WORLD POWER. AND NOW THE END OF OUR SERIES FEATURING: EISENHOWER'S THOUGHTS.

001025

THIS AGREEMENT, made in New York, New York this 20 day of November, 1948, by and between DOUBLEDAY & CO., INC., a New York corporation (hereinafter designated as the "Owner"), party of the first part, and TWENTIETH CENTURY-FOX TELEVISION PRODUCTIONS, INC., a New York corporation (hereinafter designated as the "Purchaser"), party of the second part;

W I T N E S S E T H:

FIRST: (a) The Owner represents and warrants to the Purchaser that the following statements are true and correct in all respects:

1. The literary work entitled "CRUSADE IN EUROPE" (hereinafter called the "literary property") is an original, factual account of the European phase of World War II and the sole author of the literary property is General Dwight D. Eisenhower (hereinafter called the "Author").

2. The literary property, which has not yet been published anywhere in the world, is scheduled for publication in book form by the Owner on or about November 22, 1948. In addition, a serialization of the literary property will be published in New York Herald Tribune commencing with the issue of November 7, 1948, and publication of the literary property in book form and by newspaper serialization is planned in various foreign countries.

3. No copyright has yet been effected in the literary property nor has any registration relating to copyright protection therein been made. After the aforesaid publication of the literary property, the same will be registered for copyright by and in the name of the Owner in the Office of the United States Register of Copyrights.

4. No motion picture, dramatic, television or other presentation of the literary property has been manufactured or presented. Neither the Author nor the Owner have heretofore made any contracts or commitments of any kind whatever relating to the motion picture, dramatic, radio, television or other rights in the literary property, excepting only with respect to the publication thereof above described and with respect to the television rights granted by the Owner to the Purchaser under this agreement.

(b) The Owner further represents and warrants to the Purchaser that the Author did not adapt the literary property from any literary, dramatic or other work of any kind, nature or description; that the Author did not copy or use in said literary property the plot, scenes, sequence or story of any other literary work; that the said literary property does not infringe upon the common law or statutory rights of any other literary or other work and is not in the public domain in any country in the world, and that the literary property does not libel, invade the right of privacy or otherwise violate the common law or statutory rights of any person, firm or corporation throughout the world.

(c) The Owner further represents and warrants to the Purchaser that the Author has heretofore duly granted to the Owner all of the rights granted in this agreement by the Owner to the Purchaser; that the Owner now is the exclusive proprietor throughout the world of the said rights so granted; that excepting as aforesaid neither the Owner nor the Author has heretofore assigned, licensed or in any manner encumbered or impaired the said rights or committed any act of omission or commission by which the same could or will be diminished or impaired, and that there is no outstanding claim or litigation pending against or involving the title, ownership and/or copyright in the literary property or in the said rights so granted by the Owner to the Purchaser. The Owner does hereby and will at all times indemnify and save harmless the Purchaser, its successors, assigns, distributees and licensees forever, of and from any and all claims, demands, action and actions, cause and causes of action, costs, damages, legal fees, expenses, judgments and penalties, or any thereof, which may be made or obtained against, imposed upon or suffered by the Purchaser and its successors, assigns, distributees and licensees, or any of them, by reason of any breach by the Owner of any representation or warranty contained in this paragraph.

SECOND: (a) The Owner does hereby grant, convey and assign unto the Purchaser, its successors and assigns, for and during a term of six (6) years after the date of this agreement, the sole and exclusive television rights

(as hereinafter defined) in and to the literary property.

(b) For the purposes of this agreement, the term "television rights" shall be defined to mean and to include the sole and exclusive right, throughout the world, to project the literary property, or any version or part thereof, by the method known as television or any process analogous thereto whereby scenes or views are transmitted and reproduced visually, theatrically and/or non-theatrically, and to effectuate the foregoing purposes but limited thereto, said "television rights" shall include the right to dramatise, condense, revise, change the sequence and/or to adapt one or more versions of said literary property; to use said literary property or versions or adaptations thereof, or any part of the same, in or in conjunction with motion pictures or other material and/or for narration therewith; to mechanically produce, reproduce and license the reproduction of spoken words, taken from and/or based upon the text or theme of said literary property, on records, films, or other devices designed and/or used for the purpose of producing and reproducing sound in synchronism with, accompaniment of, or supplementary to motion pictures in 35mm, 16mm or any other size; to produce said literary property or any version or part thereof on electrical or other transcriptions or devices useful in such transmission and reproduction on television or other process analogous thereto and in conjunction therewith to broadcast the literary property by radio

or any process analogous thereto; to make, produce, adapt, sell, lease, rent, exploit, perform and generally deal in and with any and all such motion picture or other versions of said literary property, with or without sound accompaniment, and with or without the interpolation of musical numbers therein, and to do all such other things as may now or hereafter be necessary or convenient in connection with the said projection of the said literary property on television, or any such process analogous thereto, during the term of this agreement. It is understood that the literary property may not be used by the Purchaser for projection on any process except the aforesaid television or analogous processes. All rights in the literary property are reserved to the Owner except to the extent granted to the Purchaser under this agreement.

THIRD: In full consideration of the rights herein assigned and granted by the Owner to the Purchaser, the Purchaser shall pay to the Owner the sum of TWENTY-FIVE THOUSAND DOLLARS ($25,000.00), receipt of which the Owner hereby acknowledges.

FOURTH: The Purchaser shall be under no obligation to exercise or put to use any of the rights acquired by the Purchaser hereunder.

FIFTH: The Owner does hereby grant unto the Purchaser the free and unrestricted right, but at the Purchaser's own cost and expense, to institute in the name and on behalf of the Owner, any and all suits and

proceedings in law or in equity, to enjoin and restrain any infringements of the rights herein granted. The Owner does hereby assign and set over to the Purchaser any and all cause or causes of action arising or resulting by reason of or based upon such infringement or infringements and does hereby assign and set over to the Purchaser any and all recoveries obtained in any such action. The Owner agrees that the Owner will not compromise, settle or in any manner interfere with such litigation, if brought, and the Purchaser does hereby agree to indemnify and save harmless the Owner from any costs or damages that may arise by reason of any such suits or proceedings.

SIXTH: (a) The Owner understands that the Purchaser intends, but is not obliged, in the exercise of the television rights acquired by the Purchaser hereunder, to use or cause the use of portions of the literary property and/or adaptations or versions thereof in or as part of the narration for motion pictures of documentary or newsreel library character and the Owner acknowledges that for such purposes new material will be required therein in the revision and editing thereof necessary therefor. If the Purchaser proceeds as aforesaid, the Purchaser agrees that it will first mail to the Owner a copy of such narration for the sole purpose of permitting the Owner to ascertain whether or not

said narration includes new material (hereinafter called "new material") which is not in the literary property and differs substantially from any part thereof. If said narration contains such new material which the Owner reasonably believes would materially and adversely affect the reputation of the Author and if the Owner shall so notify the Purchaser in writing within forty-eight (48) hours after the Purchaser has so mailed such narration to the Owner, then and in that event only, the Purchaser agrees to cause such new material concerning the Author to be eliminated from said narration or to be revised to meet the objections of the Owner thereto.

(b) In addition, with respect to each of the aforesaid motion pictures, if any, which shall contain photographic material which is not presently existing and which shall have been made especially for such motion picture (hereinafter called "new photography") the Owner shall have the right, if it so desires, to view such motion picture prior to the scoring thereof, and if the Owner reasonably believes that the new photography therein would materially and adversely affect the reputation of the Author and if the Owner shall so notify the Purchaser immediately after such viewing (with written confirmation thereof that day), then and in that event only, the Purchaser agrees to cause said new photography to be eliminated from said motion picture or to be revised to meet the objections of the Owner thereto.

(c) Anything in this agreement to the contrary notwithstanding, in no event shall any of the aforesaid motion pictures incorporate new photography of any actor impersonating the Author or any other person mentioned in the literary property and identified by name therein, nor shall there be included in any such motion picture any re-enactment of any scene or incident depicted in the literary property. The names of the narrators whose voices are recorded on the sound track of the said motion pictures shall be announced therein and each such motion picture shall identify the literary property by its title and author.

(d) In the event that the Purchaser shall at any time desire to present, or cause to be presented, all or any one or more of the aforesaid motion pictures on a television program which is commercially sponsored, the Purchaser shall give written notice to the Owner of the name of such proposed commercial sponsor or sponsors. In such event, if the Owner reasonably believes that such proposed sponsorship of said television program by said named sponsor or sponsors will materially and adversely affect the reputation of the Author and if the Owner so notifies the Purchaser in writing within forty-eight (48) hours after the Purchaser shall have so notified the Owner of the name of said sponsor, then and in that event only, the Purchaser agrees that said

television program shall not be sponsored by said named sponsor or sponsors, but the Purchaser shall, of course, have the right to notify the Owner of the names of other proposed sponsors in the same manner and under the same conditions as above set forth.

SEVENTH: The Owner hereby grants to the Purchaser the right to publish, copyright or cause to be copyrighted and published, in any and all languages, in any and all countries of the world, in any form or media (including, but not limited to, press books, press notices, trade journals, periodicals, newspapers and/or shall separate booklets), synopses, revised and/or abridged versions of the literary property, not exceeding 7,500 words each, adapted from the literary property or from any version thereof produced hereunder, but solely for the purpose of advertising or exploiting any of said versions of the literary property produced pursuant to this agreement.

EIGHTH: The Owner agrees to execute, and to procure the execution by others, and to deliver to the Purchaser, any further instruments necessary to convey, assign and copyright the rights in the literary property herein granted in any country throughout the world. In the event that the literary property is here-

inafter published in the United States and/or in any foreign country throughout the world, the Owner agrees to cause to be taken and completed any and all acts and proceedings required by the law of the country within which such publication occurs to secure copyright therein and to prevent the literary property from falling into the public domain by reason of such publication.

NINTH: The Purchaser agrees that it will not enter into any contract with any motion picture theatre whereby the Purchaser grants the right to project the literary property by television on the motion picture screen in said theatre.

TENTH: This agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns. No waiver by either party hereto of any breach by the other party of any provision hereof shall be deemed a waiver of any preceding or succeeding breach of the same or any other provision hereof. No failure by either party to exercise any right or privilege herein provided for shall be deemed a waiver by such party of its right to exercise a similar or other right or privilege in conformity with the provisions hereof at any other time ortimes.

ELEVENTH: All written notices to the Purchaser shall be addressed and sent by United States mail to the Purchaser at 444 West 56th Street, New York, New York, and all written notices and narrations to be sent to the Owner shall be sent by United States mail to the Owner at 14 West 49th Street, New York, New York.

TWELFTH: This agreement represents the entire agreement between the parties hereto with respect to the subject matter hereof. This agreement supersedes all previous representations, understandings and agreements, oral or written, between the parties with respect to the subject matter hereof.

THIRTEENTH: This agreement cannot be amended, modified or changed in any way whatsoever excepting only by written instrument duly executed by an authorized officer of each party.

FOURTEENTH: This agreement is being made by the parties hereto in the State of New York and the parties agree that all questions concerning the construction of this agreement and all other matters arising hereunder are to be determined by and under the laws of the State of New York.

FIFTEENTH: The Owner agrees that, except to the extent that exclusive motion picture rights for tele-

vision are granted to the Purchaser under this agreement, the Owner will not grant any motion picture rights in the literary property, or any license or rights therein, for a period of ninety (90) days after the date of this agreement.

IN WITNESS WHEREOF, the undersigned have executed these presents the day and year first above written.

DOUBLEDAY & CO., INC.

By _____

TWENTIETH CENTURY-FOX TELEVISION PRODUCTIONS, INC.

By _____
President

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AGREEMENT, dated December 3 , 1948, between TIME, INCORPORATED, a New York corporation (hereinafter referred to as "Time"), and TWENTIETH CENTURY-FOX TELEVISION PRODUCTIONS, INC., a New York corporation (hereinafter referred to as "Fox");

W I T N E S S E T H :

WHEREAS, Fox has acquired for a term of years the exclusive right to project on television (but not otherwise) motion pictures based upon or illustrating parts of the work entitled "CRUSADE IN EUROPE", by Dwight D. Eisenhower; and

WHEREAS, Fox desires that Time produce for Fox the motion pictures which are hereinafter described and which will be suitable for such projection on television;

NOW, THEREFORE, in consideration of the mutual covenants herein contained, and other good and valuable considerations, the parties hereto agree as follows:

FIRST: (a) Time agrees to produce and deliver to Fox the motion pictures hereinafter described, suitable for projection on television, and based upon or illustrating the work entitled "CRUSADE IN EUROPE", by Dwight D. Eisenhower.

Each of said motion pictures is hereinafter referred to as a "Picture" and said motion pictures are hereinafter referred to collectively as the "Pictures". The Pictures which shall be so produced and delivered by Time to Fox shall be twenty-six (26) in number.

(b) At least four (4) days prior to the scoring of each Picture, Time agrees to prepare a script of such Picture and to deliver three (3) copies thereof to Fox. If Fox shall give written notice to Time within said four (4) days that such script includes material believed by Doubleday & Co., Inc. (the owner of the copyright with respect to "CRUSADE IN EUROPE") to adversely affect the reputation of General Eisenhower or which Fox believes will involve Fox in liability, then Time agrees to eliminate such material from said Picture and to substitute other material in lieu thereof which shall not be subject to such objection.

(c) In addition, if Fox shall so request, Time will give Fox and Doubleday & Co., Inc. the right to view any Picture which contains photographic material originally photographed for such Picture (hereinafter called "new photography") prior to the scoring of such Picture. If Doubleday reasonably believes that the new photography in such Picture materially and adversely affects the reputation of Dwight D. Eisenhower and if Fox shall so notify Time immediately after said view-

ing, with written confirmation on the same day, then and in that event only, Time agrees to eliminate such new photography or the objectionable part thereof from such Picture and to substitute other material in lieu thereof which Time reasonably believes will not be subject to such objection; provided, however, that if Doubleday shall object to the said substituted material on the aforesaid grounds, Time shall not be obligated to make any further substitution therefor unless Fox shall pay the reasonable cost to Time for so doing.

(d) Time shall not include in any of the Pictures any new photography of an actor impersonating Dwight D. Eisenhower or any other person (or scene with such person therein) who is identified by name in the work entitled "CRUSADE IN EUROPE", nor shall there be included in any Picture any re-enactment of any scene or incident in said work. The names of the narrators whose voices are recorded on the sound tracks of said Pictures and the title and name of the author of said work "CRUSADE IN EUROPE" shall receive credit on the title cards of each of said Pictures.

SECOND: Time agrees to deliver to Fox one (1) of said Pictures each week, commencing not later than the week ending on Saturday, March 5, 1949, subject to delays caused by any substitutions required under the provisions of paragraphs (b) and (c) of Article FIRST hereof. Each Picture shall be

approximately 1,800 feet in length, with a sound track which shall have narration and sound recorded thereon, but not music unless and until Fox shall give notice to Time, in the manner hereinafter provided, that Fox desires music to be recorded on the sound tracks of the Pictures.

THIRD: Delivery by Time to Fox of each Picture must consist of delivery of the following material at the office of Fox in New York, New York, at the sole cost of Time:

(1.) One (1) positive print of said Picture, fully cut and edited, ready and suitable for public exhibition.

(2.) One (1) complete duplicate negative and one (1) complete sound track negative, both of which cut and conformed to the positive print referred to in subdivision (1) above, and which shall be suitable for the making of positive prints therefrom.

(3.) Ten (10) copies of the narration of said Pictures; and

(4.) If said Picture contains any music, ten (10) copies of the cue sheets of all such music recorded in said Picture, giving the name of the composition, the composers, the publishers and the usages, showing the film footage and running time for eachcue, together with photostatic copies of the licenses for the use of each such musical number recorded in said Picture and

copies of all musical material recorded in said Picture not covered by music licenses.

FOURTH: (a) Fox represents and warrants to Time (i) that it has heretofore acquired from Doubleday & Co., Inc. and now owns the right to cause motion pictures to be made based upon or illustrating the work entitled "CRUSADE IN EUROPE", by Dwight D. Eisenhower, for the sole purpose of projecting or causing the same to be projected on television, and Fox hereby licenses Time to produce the Pictures pursuant to the aforesaid grant by Doubleday & Co., Inc. to Fox; (ii) that said Doubleday & Co., Inc. has represented to Fox and its assigns that said work "CRUSADE IN EUROPE" does not nor will the inclusion of any part thereof in any motion picture for projection on television, violate or infringe upon any copyright, patent, literary, artistic, dramatic, personal, private, civil or property right, right of privacy or any other right of any individual, firm, corporation or association, and (iii) that it will not exhibit or permit to be exhibited any of the Pictures other than on television without first acquiring the right to so exhibit the Pictures in such manner.

(b) Fox shall indemnify, defend and hold harmless Time from and against any and all loss, liability and expense resulting from any claim, demand or suit which may be made, asserted or brought against Time by reason of any breach of representation or warranty contained in subparagraph (a) of this paragraph FOURTH and of which Fox shall be

given written notice by Time within ten days after the same shall have been made, asserted or brought. Fox, through its own counsel, shall conduct the defense of any such suit or action, pay any judgment recovered against Time with respect thereto and shall reimburse Time in full for any necessary expenses (including fees of Time's counsel) incurred by Time in connection with the defense thereof.

FIFTH: (a) Time represents and warrants to Fox as follows:

(1) that it will not in the production of Pictures (i) use any music copyrighted in the United States of America or elsewhere without first obtaining the written license or consent of the copyright proprietor thereof or his authorized agent or trustee to use such music, and (ii) permit any person to appear in any material originally photographed by Time for any of such pictures, other than Dwight D. Eisenhower, without obtaining a right of privacy release from such person;

(2) that any of the material originally photographed by Time for any of such Pictures, or the publication thereof, will not violate or infringe upon any trade-mark, trade-name, copyright, patent, literary, artistic, dramatic, personal, private, civil, or property right, right of privacy or any other right, of any individual, firm, corporation or association within the United States except Dwight D. Eisenhower;

(3) that there will not be outstanding any claims, liens, encumbrances, rights, licenses or privileges against, to or in the Pictures which will interfere with the rights herein granted to Fox;

(4) that Time will not exhibit or distribute, or knowingly cause to be exhibited or distributed, any of the Pictures or any part thereof originally photographed by Time for inclusion in any of such Pictures, anywhere in the world, in any form or media, except pursuant to this agreement, and

(5) that Time shall pay in due course all necessary sound recording royalties payable to Radio Corporation of America as distribution charges in connection with the sound recording of each Picture;

provided, however, that with respect to any claims or liabilities which may arise by reason of (i) any incomplete showing of any of the Pictures or any use whatsoever of any material contained in any of the Pictures except in a complete showing thereof, (ii) any changes, additions or deletions made in, to or from such Picture as delivered by Time to Fox without the consent of Time, or (iii) any material included in any of the Pictures at the request of Fox which Time shall advise Fox in advance of publication would in its opinion constitute a breach of any such

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representation or warranty, Time makes none of the representations or warranties set forth in subparagraphs 1, 2 and 3 above. Time makes no warranties, express or implied, other than those expressly stated above.

(b) Time shall indemnify, defend and hold harmless Fox from and against any and all loss, liability and expense resulting from any claim, demand or suit which may be made, asserted or brought against Fox by reason of any breach of any representation or warranty contained in subparagraph (a) of this paragraph FIFTH and of which Time shall be given written notice by Fox within ten days after the same shall have been made, asserted or brought. Time, through its own counsel, shall conduct the defense of any such suit or action, pay any judgment recovered against Fox with respect thereto, and shall reimburse Fox in full for any necessary expenses (including fees of Fox's counsel) incurred by Fox in connection with the defense thereof.

SIXTH: Upon receipt by Time of the respective payments under this agreement for each Picture, Fox shall have and Time hereby grants, conveys and assigns to Fox, its successors and assigns forever, the respective Pictures and the negative and positive prints thereof and sound tracks therefor and all rights of any and every nature which Time may have

therein including, without limitation, any worldwide common law and statutory copyright therein and all renewals of such copyrights, and the right to register and retain all such renewals of copyright. Time reserves to itself a non-exclusive royalty free license to reproduce and use the separate photographic clips in said Pictures, other than photographic material made especially therefor, in any manner it may legally so do but in no event in connection with the work entitled "CRUSADE IN EUROPE" or in the sequence in which said clips are used in said Pictures.

SEVENTH: In full consideration for the Pictures, and all rights therein granted hereunder, and for full performance by Time of all of its obligations under this agreement, Fox shall pay to Time for each of said Pictures the following amounts:

(1) The sum of ELEVEN THOUSAND TWO HUNDRED AND FIFTY DOLLARS ($11,250) for each such Picture, which amount shall be paid by Fox to Time within ten (10) days after the delivery by Time to Fox of such Picture;

(2) In the event that music shall be recorded in any Picture at the request of Fox, as herein provided, Fox shall pay to Time for such Picture such additional amount as Time shall have reasonably and actually paid to the American Federation of Musicians or members thereof for the right so to record said music.

With respect to each Picture on which said amount is payable, Fox shall pay said amount to Time at the same time that it pays the amount payable for said Picture under subdivision (1) above, and Time shall furnish Fox with copies of receipts for all amounts so paid to the American Federation of Musicians or members thereof.

(3) In the event that Fox shall receive any revenue from the distribution or sale of the Pictures or any part thereof (including any feature version thereof as described in Article EIGHTH hereof) other than in connection with their exhibition on television, Fox will pay to Time ten percent (10%) of the net revenues which Fox shall receive therefrom until such time as Fox has recouped therefrom the amount, if any, by which the following shall exceed the gross revenue received by Fox from the distribution of the Pictures for projection on television:

(i) The amount paid by Fox to Time for all of the Pictures under subdivisions (1) and (2) of this Article but not under subdivisions (3) and (4) of this Article, and

(ii) The amount paid by Fox to Doubleday & Co. Inc. for the television rights in the work "CRUSADE IN EUROPE".

(iii) An amount equal to thirty percent (30%) of the gross revenue received by Fox from the distribution of said Pictures for projection on television.

After Fox shall have recouped the foregoing therefrom, Fox shall pay to Time quarterly fifty per cent (50%) of the net revenues which Fox actually receives from the distribution or sale of any of the Pictures or any part thereof, other than in respect of their exhibition on television. For the purposes of this subparagraph (3), net revenues received by Fox shall mean gross revenues less the then customary distribution charges of Fox in connection therewith and any print, promotion and other customary distribution expenses in connection therewith, and also the cost of any revision, alteration or condensation incurred in making any feature or other version pursuant to the provisions of this agreement. It is understood, of course, that Fox now owns the right to project on television (but not otherwise) motion pictures based on the work "CRUSADE IN EUROPE" and nothing herein contained shall be construed to constitute a representation by Fox that it owns or can acquire any other or additional rights otherwise to use said Pictures and Fox shall be under no obligation so to acquire or attempt to acquire any such rights to project such Pictures otherwise than on television.

(4) In the event that any additional amounts shall become payable to any actors or other persons appearing in any of the Pictures or to any musicians in connection

with music recorded with any of such Pictures, because of the exhibition of such Picture other than on television, Fox shall reimburse Time for such amounts of additional compensation upon receipt of a statement from Time of the amount thereof, provided, however, that the amount of such additional compensation shall not be at a rate in excess of that payable generally by the motion picture industry for such purpose; and provided further, that the amount of such compensation shall be deducted from the gross revenues received by Fox as defined in subparagraph (3) of paragraph SEVENTH hereof.

EIGHTH: In the event that Fox shall acquire the motion picture rights to the work "CRUSADE IN EUROPE" and shall desire to revise, alter or condense the Pictures into a feature motion picture for theatrical distribution, Fox shall first offer a contract for such revision, alteration or condensation to Time and shall award such contract to Time provided Time's price therefor is not greater than that of any other offer which Fox may receive for such work within the period of thirty (30) days thereafter and provided further that Fox shall not determine to make such revisions, alterations or condensations itself or by any other wholly-owned subsidiary corporation or Twentieth Century-Fox Film Corporation. Nothing herein contained shall be construed as a representation by Fox that it now has the right to do the foregoing or to obligate Fox to acquire or attempt to acquire the same.

NINTH: All of the contents (including the newsreel pictures, narration, sound, and any music therein) of the Pictures shall be determined by Time, subject to the provisions of this agreement, but Time acknowledges that the quality of the work entitled "CRUSADE IN EUROPE" and the high standing of its author require that all of the Pictures be of high standing and quality.

TENTH: Upon the request of Fox, Time shall advise Fox of the exact cost per Picture to Fox, under subparagraph (2) of paragraph SEVENTH hereof, of recording music in the Pictures. In the event that Fox shall then desire that there shall be music recorded in the Pictures at said cost to Fox, Fox shall give written notice thereof to Time. In such event Time shall cause appropriate music to be recorded in all Pictures delivered after receipt by Time of the said notice from Fox provided that Time shall be able to obtain the necessary clearance from the American Federation of Musicians and the owners of any necessary copyrighted music for use on television.

ELEVENTH: (a) All of the titles, including the motion picture credit titles on the prints of each Picture, shall be limited as to number and size and shall be prepared by Time, and Fox shall not make any changes therein. On the title cards of each Picture, credits shall be given to Time, Fox and American Broadcasting System, in such manner as Fox and Time shall both first approve.

(b) Subject to the provisions of Article FIFTH hereof, Fox shall have the right to make any eliminations in the Pictures after they have been delivered to Fox by Time. But Fox shall not make any interpolations or additions to the Pictures except as follows:

(1) If Fox requests Time to make said interpolations or additions and Time is agreeable so to do, then Time shall make same and Fox shall reimburse Time for the actual and reasonable cost to Time thereof.

(2) If Fox requests Time to make said interpolations or additions and Time is not agreeable so to do, or if Fox desires that the said interpolations or additions be made by Fox or its designee, then the same shall be made only after consultation between Fox and Time and subject to the approval of Time, which approval is not to be unreasonably withheld.

TWELFTH: Time shall not assign this agreement in whole or in part, without the prior written consent of Fox. Fox shall have the right to assign this agreement and the same shall enure to the benefit of its successors and assigns, provided, however, that Fox shall guarantee the obligations of its successors and assigns. Fox shall have the right to distribute the Pictures, and each thereof, through any agency or instrumentality which shall be selected by Fox, and there shall be no restrictions or limitations of any

kind whatsoever upon the absolute ownership by Fox of the Pictures, and each thereof.

THIRTEENTH: Nothing herein contained shall in any wise constitute a partnership between, or joint venture by the parties hereto or be construed to evidence the intention of the parties to constitute such. Neither of the parties shall hold itself out contrary to the terms of this Article, by advertising or otherwise, and neither party shall be or become liable or bound by any representation, act or omission whatsoever of the other party, contrary to the provisions of this Article. Fox shall make all contracts for the distribution, exhibition or in respect of the Pictures in its own name or that of a subsidiary, and not as agent for Time.

FOURTEENTH: No waiver by Fox or Time of any breach of any provision hereof shall be deemed a waiver of any preceding or succeeding breach of the same or any other provision. No failure by Fox or Time to exercise any right or privilege herein provided for shall be deemed a waiver of such party's right to exercise a similar or other right or privilege in conformity with the provisions hereof at any subsequent time or times.

FIFTEENTH: All written notices, reports and remittances to Time shall be addressed and sent by

United States mail to Time at 369 Lexington Avenue, New York, New York, or at such other address as Time may hereafter from time to time designate by a notice in writing to Fox. All written notices to Fox shall be addressed and sent by United States mail to Fox at 444 West 56th Street, New York, New York.

SIXTEENTH: This agreement represents the entire agreement between the parties hereto with respect to the subject matter hereof and this agreement supersedes all previous representations, understandings or agreements, oral or written, between the parties with respect to the subject matter hereof.

SEVENTEENTH: This agreement is being made by the parties in the State of New York and the parties agree that all questions of interpretation hereof and all other matters arising hereunder shall be governed by the laws of New York.

IN WITNESS WHEREOF, the undersigned have executed these presents the day and year first above written.

TIME, INCORPORATED

By _____

TWENTIETH CENTURY-FOX TELEVISION PRODUCTIONS, INC.

By _____

~~Executive Vice~~ President

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Attorneys for Plaintiffs and Counterdefendants
Twentieth Century Fox Film Corporation, SFM
Entertainment LLC and New Line Home Video, Inc.

UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

TWENTIETH CENTURY FOX FILM CORPORATION, a Delaware Corporation, SFM ENTERTAINMENT LLC, a Delaware limited liability company, and NEW LINE HOME VIDEO, INC., a New York corporation,

Plaintiffs,

v.

DASTAR CORPORATION, an Oregon corporation, ENTERTAINMENT DISTRIBUTING, an Oregon corporation, and MARATHON MUSIC & VIDEO, an Oregon corporation,

Defendants.

DASTAR CORP., an Oregon corporation,

Case No. 98-7189 DT (Ex)

DECLARATION OF MARCY REED IN OPPOSITION TO DEFENDANTS' MOTIONS FOR SUMMARY JUDGMENT AND MOTION TO DISMISS, AND IN SUPPORT OF PLAINTIFFS' AND COUNTERDEFENDANTS' CROSS-MOTION FOR SUMMARY ADJUDICATION OF ISSUES

Plaintiffs' and Counterdefendants' Cross-Motion
Date: December 6, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

Defendants' Motion
Date: November 22, 1999
Time: 10:00 a.m.
Place: Courtroom of the Hon. Dickran Tevrizian

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TWENTIETH CENTURY-FOX TELEVISION
a Division of
Twentieth Century-Fox Film Corporation
P.O. Box 900
Beverly Hills, California 90213

June ~~March~~ 22, 1988

Doubleday, a division of
Bantam Doubleday Dell
Publishing Group Inc.
666 Fifth Avenue
New York, New York 10103

RE: "Crusade in Europe"

Gentlemen:

***Doubleday, a division of*

This letter will confirm the agreement between Bantam Doubleday Dell Publishing Group Inc. ("Licensor") and Twentieth Century-Fox Television, a Division of Twentieth Century-Fox Film Corporation ("Fox"), with respect to the distribution and exploitation of the Series of twenty-six (26) television programs entitled "Crusade in Europe", produced by Twentieth Century-Fox Television Productions, Inc.

Our agreement is as follows:

1. The following words and terms, as used in this Agreement, shall have the meanings ascribed to them respectively, as follows:

(a) "Programs" shall mean the Series of twenty-six (26) television programs entitled "Crusade in Europe", produced by Twentieth Century-Fox Television Productions, Inc.

(b) "Territory" shall mean the world.

(c) "Term" shall mean the term of this Agreement, which shall commence as of the date hereof and continue thereafter for a period of seven (7) years. Commencing not later than ninety (90) days prior to the expiration of the Term, Fox and Licensor shall negotiate in good faith, for a period of ninety (90) days, a mutually acceptable extension thereof. In the event that Fox and

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Licensor do not reach agreement thereon, then Fox shall thereafter have a right of first refusal to acquire the rights granted hereunder, on the same terms as described in paragraph 18(b) of Exhibit A annexed hereto.

(d) "Net Profits" shall have the meaning set forth in Exhibit A annexed hereto.

2. It is acknowledged that Licensor and Twentieth Century-Fox Television Productions, Inc. ("Fox Productions") entered into that certain agreement, dated as of November 20, 1948 (and renewed pursuant to agreements dated September ____, 1954, September 9, 1959 and November 14, 1963) (the "Television Agreement"), pursuant to which Licensor granted to Fox Productions the sole and exclusive "television rights" (as defined in the Television Agreement) in and to a literary work entitled "Crusade in Europe" (the "Literary Property"), the author of which was General Dwight D. Eisenhower (the "Author"). It is further acknowledged that, in furtherance of the grant of said television rights, Fox Productions produced the Programs, which Programs were copyrighted as one motion picture in the name of Twentieth Century-Fox Film Corporation, May 5, 1949.

3. (a) Subject to the provisions of the Television Agreement, Licensor hereby grants to Fox the sole and exclusive television and ancillary rights in and to the Literary Property, including, without limitation, the right to project, exhibit, broadcast, transmit, distribute and exploit the Programs in the Territory during the Term in all media, including, but not limited to, network television (CBS, NBC, ABC or PBS), syndication (including barter syndication, cash sales, or any combination thereof), pay television, basic or pay cable, pay-per-view exhibition, satellite television, video cassettes and video discs, non-theatrical, educational (including in-school teaching guides), commercial, merchandising, and in any other manner or by any other means now known or hereafter developed, together with non-exclusive rights to exploit the Programs (but not the Literary Property) on live television and radio, and to license and to sublicense any parties to do any or all of the foregoing. Licensor further agrees to negotiate with Fox in good faith in the event Fox wishes to exploit a re-edited version of the Programs in a theatrical motion picture format. Licensor grants Fox the right to advertise, publicize and promote the Literary Property and the Programs in all media and in any manner, provided that the foregoing shall not be utilized by Fox to endorse any product or service other than the Programs. The foregoing grant of rights shall include the right to use and publish not more than five hundred (500) words of the Literary Property for use on live television and radio in connection with such advertising, publicity and promotion. Licensor agrees that it shall not, during the Term, grant, license, assign or in any other way dispose of or permit the disposition or exploitation of any rights

in and to the Literary Property and/or the Programs which have been granted to Fox herein, or which would be adverse to or impair such rights.

(b) Licensor reserves all rights not expressly granted to Fox hereunder, including, without limitation, theatrical motion picture, and live television and radio rights, all to the extent not granted herein, publication and stage rights, and all rights in and to Author-written sequels to the Literary Property.

4. In consideration of the rights granted to Fox herein, Fox hereby agrees to pay Licensor the following amounts:

(a) twenty-five (25%) percent of the Net Profits derived by Fox from the exhibition, distribution and exploitation of the Programs and all ancillary rights therein and thereto; and

(b) a non-returnable advance (the "Advance") in the amount of Twenty Thousand ($20,000) Dollars, payable upon execution of this Agreement; it being agreed that the Advance shall be recoupable by Fox from first Net Profits payable to Licensor pursuant to paragraph 4(a) hereof.

(c) Net Profits shall be accounted and paid to Licensor in accordance with the provisions of Exhibit A annexed hereto.

5. (a) All copyrights and trademarks, and all other titles and rights in and with respect to the Literary Property and all material contained therein, are reserved to Licensor. All copyrights and trademarks, and all other titles and rights in and with respect to the Programs and all re-edited or augmented programs created therefrom, are reserved to Fox, subject to the grant of rights by Licensor hereunder.

(b) Licensor will take all reasonable actions during the Term hereof necessary to maintain or initiate the registration of all copyrights, trademarks and other applicable rights with respect to the Literary Property in all jurisdictions where such protection is afforded, including the payment of all related fees.

6. (a) Licensor hereby represents and warrants to Fox, which representations and warranties shall survive the Term hereof, that: the Literary Property was written by and is wholly original with the Author, and is not in the public domain in the United States; the Literary Property does not and will not violate, conflict with, or infringe upon any rights whatsoever (including, with limitation, any copyright, common law or statutory; any right of publication, performance, or any rights in any work; and any rights against libel, slander, invasion of privacy

or similar right) of any person or entity; no claim is currently pending that the Literary Property violates, conflicts with, or infringes upon any of the foregoing-described rights; Licensor is the sole and exclusive owner throughout the world of the rights granted in this Agreement; Licensor has the full right, power and authority to enter into and perform this Agreement and the sole and exclusive right, without restriction or limitation, to grant the rights granted to Fox herein; there is no outstanding contract, commitment or arrangement to which Licensor is a party, and no pending or threatened claim or litigation by or against Licensor which is or may be in conflict with this Agreement or which may in any way limit, restrict, impair or interfere with Fox's rights hereunder; and all rights herein granted to Fox are and will be free and clear of liens and encumbrances of every kind and character.

(b) Fox hereby represents and warrants to Licensor, which representations and warranties shall survive the Term hereof, that: Fox has the full right, power and authority to enter into and perform this Agreement; and there is no outstanding contract, commitment or arrangement to which Fox is a party and no pending or threatened claim or litigation by or against Fox which is or may be in conflict with this Agreement or which may in any way limit, restrict, impair or interfere with Licensor's rights hereunder.

7. (a) Licensor shall indemnify Fox, Fox's licensees, Fox's and their respective successors and assigns, and Fox's and their respective officers, directors, agents and employees against, and hold Fox and the foregoing named persons harmless from, any charges, claims, damages, settlements, costs, judgments, decrees, losses, expenses (including reasonable counsel fees and expenses), penalties and liabilities of any kind or nature whatsoever which may be sustained or suffered by or secured against Fox and/or any of the foregoing named persons, based upon, relating to, arising out of, or as a result of any breach or alleged breach by Licensor of any of its covenants, agreements, representations or warranties under any provision of this Agreement.

(b) Fox shall indemnify Licensor, Licensor's successors and assigns, and Licensor's and their respective officers, directors, agents and employees against, and hold Licensor and the foregoing named persons harmless from, any charges, claims, damages, costs, judgments, decrees, losses, expenses (including reasonable counsel fees and expenses), penalties and liabilities of any kind or nature whatsoever which may be sustained or suffered by or secured against Licensor and/or any of the foregoing named persons, based upon, relating to, arising out of, or as a result of or as to any material included in the Programs which is not contained in the Literary Property, or the inclusion of any advertising material, commercial

announcements or other materials supplied by Fox in connection with any telecast or other exploitation of the Programs, or a result of any breach or alleged breach by Fox of any of its covenants, agreements, representations or warranties under any provision of this Agreement.

(c) With regard to the indemnification provisions provided for in paragraphs 7(a) and 7(b) above, the indemnitor or indemnitors, as the case may be, shall assume the defense of any claim or suit and shall, upon the indemnitees's request, afford the latter the opportunity, at its own cost and expense, to cooperate in the defense thereof. Cancellation or expiration of this Agreement shall not affect any obligation of any indemnitor, which shall be a continuing obligation.

8. Subject to any contractual or union restrictions as to which Licensor shall give Fox notice, Fox may make such cuts or deletions of or may edit the Programs as may be necessary to conform them to the requirements of any duly authorized public censorship authority, time segment requirements, continuity acceptance standards of the television stations licensing same and for the purpose of inserting commercials, or in any other manner, including re-editing the Programs into a different format, and making demonstration or promotional tapes, unless such changes would alter the overall subject matter of the Programs. Fox shall not delete or alter the copyright notice and/or the credits incorporated in the Programs. It is of the essence of this Agreement that Fox shall not and shall not authorize others to copy, duplicate or sub-license the Programs, nor part with possession thereof, except as necessary for the telecasting or other exploitation of the Programs in accordance with the provisions hereof.

9. Nothing herein contained shall be so construed as constituting either party hereto as the other's agent or as authorizing either party hereto to incur financial obligations in the other's name without authorization in writing. Nothing herein contained shall constitute or be so construed as to constitute the relationship hereby created a joint venture or a partnership between Licensor and Fox.

10. All notices which either party is required or may desire to serve upon the other party hereunder shall be in writing and addressed to the party to be served at the address first set forth in this Agreement. Any such notice may be served personally, by mail or by telegraph or cable. Any notice mailed, telegraphed or cabled shall be deemed to have been served on the date of delivery to the telegraph or cable company.

11. No waiver by either party, whether expressed or implied, of any breach or default by the other party shall constitute a waiver of any other breach or default of the same or

any other provision of this Agreement.

12. Neither this Agreement nor any part hereof may be waived, modified, supplemented or otherwise altered, unless by a writing signed by Licensor and Fox.

13. This Agreement shall be binding upon the parties hereto, their respective heirs, successors and assigns.

14. This Agreement has been made, will be performed and shall be construed in accordance with the laws of the State of New York, and the courts of the State of New York shall have exclusive jurisdiction over any dispute arising hereunder.

15. The making, execution and delivery of this Agreement have not been induced by any representation, statement or warranty other than those expressly set forth herein. This Agreement constitutes and contains the entire understanding between the parties with respect to its subject matter and supersedes any prior or contemporaneous agreements relating thereto.

If the foregoing sets forth our agreement, please so indicated by signing in the space set forth below.

Very truly yours,

TWENTIETH CENTURY-FOX TELEVISION, a Division of TWENTIETH CENTURY-FOX FILM CORPORATION

By: _____

ACCEPTED AND AGREED TO:
Doubleday, a division of
BANTAM DOUBLEDAY DELL PUBLISHING GROUP INC.

By: Nancy H. Stanley
Its: _____
Director, Subsidiary Rights

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TWENTIETH CENTURY-FOX TELEVISION

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EXHIBIT A

DEFINITION OF NET PROFITS/ACQUISITION

Exhibit "A" of Acquisition/Distribution Agreement dated _____, 1987 ("Agreement") between Doubleday & Company, Inc. (referred to as Licensor) in the Agreement and as "Participant" herein) and Twentieth Century-Fox Television, a division of Twentieth Century-Fox Film Corporation ("Fox").

1. "PROGRAM(S)": The Television Motion Picture(s) produced or acquired pursuant to the Agreement.

2. "PARTICIPANT'S PERCENTAGE PARTICIPATION": Participant's Percentage Participation refers to the percentage of Net Profits to which Participant is entitled under the Agreement and which shall be computed, accounted for and paid as provided in this Exhibit.

3. "GROSS RECEIPTS": Gross Receipts means the aggregate of the following:

(a) "Exhibition License Fees": All monies actually received and earned by Distributor* from Free Television Distribution, Non-Theatrical Distribution, Pay Television Distribution, Cassette Distribution and Theatrical Distribution of the Program(s). Monies paid (or authorized to be deducted) by Fox to a subdistributor or licensee in the form of License/distribution fees, Distribution Costs, or otherwise, shall not be included in "Exhibition Licens Fees" hereunder.

* as consideration for the right to distribute the Programs, including

(b) "Net Recoveries":

(i) Unauthorized Exhibition/Copyright Infringement: All monies actually received by Distributor by reason of the settlement of any dispute or on account of any judgment or decree in any litigation relative to any claims for unauthorized exhibition, distribution or other use of the Program(s) and/or for infringement, plagiarism or other interference by any Party with the copyright or trademark of the Program(s) and/or of the exercise of all rights granted Fox pursuant to the Agreement remaining after first deducting all costs and expenses incurred in connection with obtaining such monies, including reasonable attorneys' fees. Costs and expenses in excess of monies received shall be deducted from Gross Receipts.

(ii) Breach of Contract: All monies actually received by Distributor by reason of the settlement of any dispute or on account of any judgment or decree in any litigation relating to any claims for breach of contract in connection with the distribution and/or exhibition of the Program(s) remaining after first deducting all costs and expenses incurred in connection with obtaining such monies, including reasonable attorneys' fees. Costs and expenses in excess of monies receive shall be deducted from Gross Receipts.

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(c) "Music Publishing Receipts": As to music and/or lyrics originally composed for and synchronized in the Program(s) ("Program Music") and with respect to which Fox acquired the right to exploit Music Publishing Rights, the following shall apply:

(i) Administering Publisher: If a Subsidiary ("Music Subsidiary") is the publisher or administering co-publisher of Program Music, then Music Publishing Receipts shall be 50% of all monies actually received in the United States by the Music Subsidiary remaining after first deducting a Music Subsidiary administration fee of 15% of all such monies and all costs and expenses of the Music Subsidiary in connection therewith, including all composer royalties, charges of any agent, trustee or administrator involved in the collection of monies, and any co-publisher's share of such monies.

(ii) Non-Administering Co-Publisher: If a Music Subsidiary is a non-administering co-publisher of Program Music, then Music Publishing Receipts shall be 50% of all monies actually received in the United States by the Music Subsidiary remaining after first deducting all costs and expenses of the Music Subsidiary in connection therewith.

(iii) Third Party Music Publisher: If a Music Subsidiary is neither the publisher nor co-publisher of Program Music, then Music Publishing Receipts shall be all monies actually received in the United States by Fox from the publisher of the Program Music, remaining after first deducting a Fox administration fee of 15% of all such monies, and all royalties and participations payable in connection therewith, if any.

(d) "Music Recording Receipts": As to Sound Records manufactured for sale to the public, which embody music and/or dialogue as recorded for the soundtrack of the Program ("Soundtrack Recordings"), and with respect to which Fox acquired the right to exploit Soundtrack Recording Rights, the following shall apply:

(i) Releasing: If a Subsidiary ("Recording Subsidiary") directly engages in the business of releasing a Soundtrack Recording, then Music Recording Receipts shall be 50% of all monies actually received ~~in the United States~~ by the Recording Subsidiary as to such Soundtrack Recording remaining after first deducting a Recording Subsidiary packager's fee of 30% of all such monies, all costs, expenses, packaging charges, and all royalties and participations payable in connection therewith, if any. However, in no event shall the amount herein applicable net recoveries be reduced below 5% of all monies received by Recording Subsidiary.

(ii) Licensing: If Fox licenses the right to release Soundtrack Recordings to a third Party other than a Recording Subsidiary, then Music Recording Receipts shall be all monies actually received in the United States by Fox from such third Party remaining after first deducting a Fox administration fee of 15% of all such monies, and all royalties and participations payable in connection therewith, if any.

(e) "Merchandising ~~and Literary Publishing~~ Receipts": As to Merchandising Rights ~~and Literary Publishing Rights~~ with respect to the Program(s) which Fox acquired the right to exploit, the following shall apply:

(i) Licensing: If Fox or Subsidiary, or any agent or licensee of Fox or Subsidiary ("Fox Merchandising Licensee") licenses to a third Party Merchandising Rights ~~or Literary Publishing Rights~~ with respect to the Program(s) ("Merchandise License"), then Merchandising ~~and Literary Publishing~~ Receipts shall be all monies actually received in the United States by Fox or Subsidiary or Fox Merchandising Licensee pursuant to the Merchandise License remaining after first deducting (A) a Fox administration fee of 40% of all such monies if Fox or Subsidiary solicited the Merchandise License or 15% of all such monies if Fox Merchandising Licensee solicited the Merchandise License and (B) all royalties and participations payable in connection therewith, if any, and (C) all commissions and fees payable to or retained by any Fox Merchandising Licensee, if any, and (D) all costs of proprietary protection in the form of trademarks, patents and copyrights and (E) all costs, expenses and charges paid, advanced or incurred by Fox, Subsidiary and Fox Merchandising Licensee in connection with or relative to the derivation of monies from the exercise of Merchandising Rights ~~and Literary Publishing Rights~~ with respect to the Program(s).

(ii) Manufacturing and Distributing: If Fox or Subsidiary directly engages in the business of exploiting Merchandising Rights ~~or Literary Publishing Rights~~ with respect to the Program(s), then Merchandising ~~and Literary Publishing~~ Receipts shall be an amount equal to 5% of the Net Merchandising Sales of Fox or Subsidiary. Net Merchandising Sales means the gross sales price actually received by Fox or Subsidiary for all sales in connection with the exercise of Merchandising Rights ~~and Literary Publishing Rights~~ with respect to the Program(s), less quantity and trade discounts and all returns of merchandise ~~and publications~~.

Omitted

4. ~~EXCLUSIONS FROM GROSS RECEIPTS. Subject to the specific provisions set forth elsewhere in the Agreement and this Exhibit, in no event shall monies received by Distributor be included in Gross Receipts by reason of the exploitation of any subsidiary rights with respect to the Program(s) including but not limited to Sequel Rights, Spinoff Rights, Remake Rights, legitimate stage rights, and radio rights.~~

5. "NET PROFITS": Net Profits means the amount of Gross Receipts remaining, if any, after first deducting from Gross Receipts and Fox retaining on a cumulative and continuing basis the aggregate of the following in the following continuing order of priority:

(a) "Fox Distribution Fees":

(1) 10% of Exhibition License Fees derived from licensing Free Television Exhibition of the Program(s) by a United States National Network.

(ii) 15% of Exhibition License Fees derived from Theatrical Distribution Outright Sales.

(iii) 25% of Exhibition License Fees derived from licensing Free Television Exhibition of the Program(s) by a Canadian National Network.

(iv) 30% of Exhibition License Fees derived from ~~Cassette Distribution and~~ Pay Television Distribution.

(v) 35% of Exhibition License Fees derived from licensing Free Television Exhibition of the Program(s) in the United States other than those referred to in subsection (i), and from licensing Free Television Exhibition in Canada other than those referred to in subsection (iii), ~~and from Theatrical Distribution in the United States~~.

(vi) 40% of Exhibition License Fees derived from Theatrical Distribution other than in the United States.

(vii) 45% of Exhibition License Fees derived from licensing Free Television Exhibition of the Program(s) other than in the United States and Canada.

(viii) 50% of Exhibition License Fees derived from Non-Theatrical Distribution.

(ix) 22.5% of Exhibition License Fees derived from Cassette Distribution.

~~(ix) If Theatrical Distribution of the Program(s) is undertaken, and~~ if the the standard Fox Distribution Fees for Theatrical Distribution in effect at the time shall be less than those set forth above, then the standard Fox Distribution Fees for Theatrical Distribution shall apply. Other provisions regarding the computation of Net Profits as to Theatrical Distribution shall be the same as Fox's standard provisions in effect at such time.

(b) "Distribution Costs": All costs, expenses and charges (collectively "costs") paid, advanced or incurred by Distributor by reason of, in connection with, or relative to the derivation of Gross Receipts with respect to the Program(s) including without limitation, costs of Motion Picture Copies, duplicating, repair and renovation thereof, costs of adaptation and re-editing for syndication and foreign versions, 1/laboratory costs, dubbing costs, costs of reels and containers, shipping, delivery, 2/storage and insurance costs, advertising, publicity and promotion costs (~~plus an amount equal to 10% of advertising, publicity and promotion costs as an advertising overhead charge~~), conversion and remittance costs, checking and collection costs, claims and litigation costs, copyright infringement costs, ~~industry wide arrangements and anti trust costs~~, trade association fees and such other costs customarily charged by Distributor in connection with the exploitation of Motion Pictures* in all media including copyrighting costs, telephone, telegraph, cable, postage, messenger and xeroxing costs.

* and all promotional tapes

(c) "Guild Payments and Royalties": To the extent the obligation of Distributor under the Agreement, all costs, expenses and charges (collectively "costs") incurred with respect to payments required, including employer fringe benefits and taxes payable with respect thereto, under applicable

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1/, pilots, promotional tapes, wraparounds and inclusion of narration, logos,
2/, satellite transmission and related costs, reports from Nielsen Television Index or any other rating service, re-editing, colorizing

collective bargaining agreements by reason of or as a condition to any exhibition of the Program(s), or any part thereof, or any use or reuse thereof for any purpose or in any media whatsoever; as well as the costs of all licenses required to permit exhibition, distribution or other use of the Program(s) including fees for use of any patented equipment or process; synchronization, recording or performing royalties and fees with respect to performance of lyrics and music and literary matter.
* and any new clip material added to any of the Programs

(d) "Taxes": All taxes, imposts, duties, tariffs and governmental fees of any nature, however denominated or characterized, imposed by any taxing authority in any Territory, directly or indirectly, on any receipts (irrespective of character or origin) of the Program(s) or in connection with the Program(s), Motion Picture Copies, trailers, and other material relating to the Program(s), or the lease, license, distribution, exhibition or other disposition thereof, or the collection, conversion or remittance of monies, including personal property, turnover, sales, use, transaction, film hire, excise, stamp, added value, remittance, release, income and franchise taxes. Where local Law limits Participants's right to receive any payment to an amount less than as provided in the Agreement, Distributor shall be entitled to deduct, from the amount allowed to be paid to Participant pursuant to such local Law, the total amount of all taxes payable with respect to any monies which would otherwise have been payable to Participant pursuant to the Agreement except for such limitation. Any amount withheld by reason of such limitation shall constitute funds in a Restricted Currency. All monies required to be paid on account of import fees, export fees, duties, imposts, customs, and costs to acquire permits in connection with shipment, delivery, license, exhibition or other use of the Program(s) and Motion Picture Copies; all payments and expenses with respect to contesting, compromising or settling (whether by litigation or otherwise) of any Taxes, together with any interest and penalties with respect thereto shall be treated as Taxes. ~~If any monies are required to be paid to a local instit-~~ ~~tutior, group, individual or fund, such payments shall be treated as Taxes~~ In no event shall Participant be entitled to take any credits, deductions, or other benefits with respect to any Taxes, nor shall the deductible amount of any Taxes (however determined) be decreased (nor Gross Receipts increased) because of the manner in which Taxes and tax credits are treated by Distributor in filing its net income, corporate franchise, excess profits or other similar tax returns. Participant shall not be required to pay or participate in Distributor's own United States Federal and State income taxes and franchise taxes (however denominated) based on Distributor's actual net earnings or any income tax (however denominated) payable by Distributor to any Territory, based on the actual net earnings of Distributor in such Territory, it being agreed that any Taxes (however denominated) required to be withheld by any Territory in order to permit the remittance of monies from any such Territory shall not be deemed to be a tax based on the actual net earnings of Distributor.

(e) "Deferments": Any amounts payable to any Party, including Participant as compensation in connection with the Program(s) as a fixed sum which vests upon the expiration of a period of time and/or the attainment of a specified level of receipts or profits of the Program(s).

(f) "Gross Participations": Any amounts paid to any Party, including Participant, as a percentage of the receipts of the Program(s) (other than percentage participations in Net Profits), which amounts have not otherwise been applied in reduction of Participant's Percentage Participation pursuant to an express provision of the Agreement.

~~(g) "Interest" on "Advances": The aggregate of the sums computed at a percentage of Advances at an annual percentage rate of 1/2% above the prime interest rate charged by the First National Bank of Boston from time to time in effect, plus a charge of 20% of said annual percentage rate to cover compensating balances ("Interest"). The computation of Interest on Advances shall commence as of the week in which the Advance is paid and continuing until the end of the Statement Period with respect to which the Advance is recouped as herein provided.~~

(h) "Advances": Advances refer to the payments to which Participant is entitled under the Agreement and described as "Advances" therein.

6. ACCOUNTING PRACTICES: Books of account which pertain to the distribution of the Program(s) shall be maintained by Fox or under its supervision at such place or places as may from time to time be customary with Fox pursuant to its ordinary business practices. All financial matters shall be determined, accounted for and calculated in all respects pursuant to participation accounting practices customarily used by Fox. Advance payments and security deposits are excluded from Gross Receipts until recouped or forfeited. Any amounts collected as taxes or for payment as taxes, such as sales and value-added taxes, are excluded from Gross Receipts. Fox may establish reasonable reserves for anticipated Taxes, Guild Payments and Royalties and Distribution Costs. If Distributor incurs any costs and/or receives any receipts pertaining to the Program(s) together with other matters, a portion of such costs and/or receipts shall be allocated to the Program(s) in accordance with the participation accounting practices customarily used by Fox.

7. FOREIGN REMITTANCES: No monies shall be included in Gross Receipts unless and until such sums have been received by Fox in U.S. Dollars in the United States. All Gross Receipts received in a foreign currency will be converted into United States Dollars and remitted to Fox in the United States as promptly as applicable Laws will permit. As to funds received by Distributor in a foreign Territory and which are not includable in Gross Receipts as a result of being in a Restricted Currency ("Restricted Proceeds"), Fox shall notify Participant on the appropriate Participation Statement. As and when the Participant's Percentage Participation becomes payable to Participant, Participant may notify Fox in writing that Participant elects to require settlement of Participant's share of the Restricted Proceeds remaining in any country (not yet converted into United States Dollars and therefore not includable in Gross Receipts) in the currency of such country, by designating a bank or other representative in such country, to whom payment may be made for Participant's account. Subject t applicable Laws affecting such transactions, such payment shall be made to such bank or representative at Participant's expense. Such payment shall fully satisfy Fox's obligations to Participant as to such funds and Participant's share thereof. Any taxes or expenses incurred in connection with the making of such payment shall be deducted from amounts paid, or otherwise charged to or paid by the Participant, in advance, if so required. In no event shall Fox be obligated to apply Gross Receipts not actually received by Fox in United State

Dollars in the United States to the recoupment of any costs deductible from Gross Receipts hereunder.

8. STATEMENTS: Fox shall render to Participant periodic Participation Statements showing, in summary form, Gross Receipts, permitted deductions therefrom, accompanied by payment of the amount, if any, shown thereon to be due Participant by check drawn to the order of Participant. The initial Participation Statement shall be rendered for the period ending as of the close of the calendar quarter during which occurs the end of the broadcast year in which the Program(s) is first exhibited. Participation Statements shall be rendered for periods of twelve (12) months in length following the end of the period covered by the first Participation Statement. However, at such time as Fox licenses the Program(s) for exhibition following all exhibitions licensed under agreement(s) and any amendment(s) thereto authorizing the First Run of the Program(s) on a United States National Network, Participation Statements shall be rendered for periods of three (3) months in length for two years and thereafter for periods of twelve (12) months in length. No Participation Statements need be rendered for any Statement Period during which no Gross Receipts are received. The period covered by a Participation Statement is referred to as a Statement Period. Each Participation Statement shall be furnished ninety (90) days after the close of the Statement Period for which the Participation Statement is rendered. Any Participation Statement may be changed from time to time to effectuate year-end adjustments made by Fox's Accounting Department or its Certified Public Accountants or to correct any errors or omissions. Each Participation Statement will be mailed to Participant at Participant's then current address for Notices under the Agreement.

9. WITHHOLDINGS: There shall be deducted from any payments to or for the account of Participant hereunder* the amount of any tax or other withholding which, pursuant to applicable Laws, is required to be made by Fox, based upon, measured by, or resulting from payments to or for the account of Participant. Such deduction shall be in accordance with the good faith interpretation by Fox of such Laws. Fox shall not be liable to Participant for the amount of such deductions because of the payment of said amount to the Party involved. Participant shall make and prosecute any and all claims which it may have as to such tax deductions and/or withholdings directly with the Party involved.

* but not including any Advances hereunder

10. OVERPAYMENT/OFFSET: If Fox makes an overpayment to Participant hereunder for any reason ~~or if Participant is indebted to Fox for any reason~~, Participant shall pay Fox such overpayment ~~or indebtedness~~ on demand, or at the election of Fox, Fox may deduct and retain for its own account an amount equal to any such overpayment or indebtedness from any sums that may become due or payable by Fox to Participant for the account of Participant pursuant to its Agreement.

11. AUDIT: If Participant requests, Fox shall permit, at the sole cost and expense of Participant, a first class and reputable firm of certified public accountants to examine Fox books of account which relate to the Participation Statements rendered to Participant which have not become incontestable. Participant may make copies of or make excerpts from only such part of the Fox books account which relate to the matters subject to examination as herein provided. Such examination shall be only at such place where said books of account are maintained and during reasonable business hours in such manner as not to inte

commissions in P[illegible]pation Statements causing a[illegible]payment to Participant of more than 5% th[illegible]d in such event Fox shall pay[illegible] the costs and expenses incurred by Part[illegible]pant in conducting such audit.

fere with Fox's normal business activities and not more frequently than once each calendar year. No examination may last for more than thirty (30) days.. A true copy of all reports made by Participant's representative pursuant to the foregoing provisions shall be delivered to Fox at the same time as delivered to Participant. Such right to examine is limited to the Program(s) and under no circumstances shall Participant or its authorized representatives have the right to examine records relating to Fox's business generally or with respect to any other Motion Pictures for purposes of comparison or otherwise. *

12. INCONTESTABILITY: All information on Participation Statements rendered to Participant will be deemed conclusive and binding on Participant unless a written statement specifying the transactions or items to which Participant objects is delivered to Fox within twelve (12) months after the date of the first Participation Statement reflecting the transaction or item in question. If Participant's objections are not resolved amicably, Participant may maintain or institute an action with respect to an objection raised and not resolved amicably if commenced within six (6) months after the expiration of said twelve (12) month period or the expiration of the period of the applicable statute of limitations established by Law as to such transactions or items, whichever first occurs. The Fox books of account and all supporting documentation need not be retained and may be destroyed after the expiration of said twelve (12) month period unless Participant has duly objected prior thereto and instituted an action as herein provided.

13. CREDITOR - DEBTOR RELATIONSHIP: Participant expressly acknowledges the relationship between Participant and Fox to be that of creditor and debtor with respect to the payment of any monies due Participant hereunder. Nothing contained herein shall be construed to create a trust or specific fund as to Gross Receipts of the Program(s) or Participant's share thereof or any other monies, or to prevent or preclude Fox from commingling Gross Receipts or any monies due Participant with any other monies or to give Participant a lien on the Program(s) or an assignment of the proceeds thereof.

14. LITIGATION: Participant waives any right which Participant may have at law or equity to revoke, terminate, diminish or enjoin any rights granted or acquired by Fox hereunder by reason of any claim which Participant may assert for non-payment of any monies claimed due and payable hereunder, it being agreed that Participant shall be limited to an action at law for recovery of any such monies claimed.

15. NO JOINT VENTURE OR PARTNERSHIP: Nothing contained herein shall be construed so as to create a joint venture or partnership between Participant and Fox, or a third Party beneficiary relationship as to any third Party. Except as otherwise specifically set forth herein, neither Participant nor Fox shall be authorized or empowered to make any representation or commitment or to perform any act which shall be binding on the other unless expressly authorized or empowered in writing.

16. CAPTIONS: Captions of paragraphs hereof are inserted for reference and convenience only and in no way define, limit or prescribe the scope or intent of any provision hereof.

17. SALE OF PROGRAM(S): Fox shall have the unlimited right at any time to assign the Agreement or to sell, transfer or assign all of its right, title and

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interest in any one or more of the Program(s) and the negative and copyright thereof to any Party. Any such sale, transfer or assignment shall be subject to Participant's rights hereunder, and Fox shall not be relieved of its obligations hereunder. However, if such sale, transfer or assignment be to any Subsidiary or Affiliate or other Party which shall succeed to all or substantially all of Fox's assets or to all or substantially all of Fox's Television Distribution facilities and if such Subsidiary, Affiliate or other Party shall assume in writing and agree to perform all of the obligations of Fox hereunder, then upon assumption by such Subsidiary, Affiliate or other Party of all of Fox's obligations hereunder, such sale, transfer or assignment shall be deemed a novation and Fox shall be forever released and discharged from any further liability or obligation to Participant for the payment of any monies which may thereafter become payable hereunder, and Participant shall look solely to such Subsidiary, Affiliate or other Party for any such payment. No monies received by Fox from any sale, transfer or assignment shall be included in Gross Receipts and the terms of such sale, transfer or assignment and the monies paid to Fox thereunder shall be of no relevance to Participant. Nothing herein contained shall be deemed to limit or prevent Fox from assigning or hypothecating all or a portion of its share of monies derived hereunder.

18. ASSIGNMENT BY PARTICIPANT:

(a) Assignment: Subject to all applicable Laws and to the rights of Fox hereunder, Participant may assign the rights to Participant's Percentage Participation hereunder at any time ~~provided a Notice of Irrevocable Authority and Acceptance in Fox's usual form shall be executed by Participant and by the assignee and delivered to Fox. Fox shall not be obligated to pay in accordance with any partial assignment if the formula or basis of computation creates any doubt of interpretation whereby Fox takes any risk whatsoever and/or if all the assignees fail to execute and deliver an agreement in Fox's usual form appointing a single person as a disbursing agent to whom Fox may make all such payments thereafter regardless of any further assignment(s).~~ Fox's payment in accordance with any such assignment or designation shall be deemed to be equivalent of payment to Participant hereunder and shall release and discharge Fox from any further liability or obligation to Participant for the payment of monies hereunder. Participant's rights to inspect and audit Fox's books of account shall not be assignable without Fox's prior written consent.

(b) First Refusal: If Participant shall propose to sell or assign the rights to Participant's Percentage Participation hereunder*, Fox shall have the right of first refusal to acquire Participant's Percentage Participation, exercisable within ten business days after receipt of written notice from Participant which specifies the Party to whom the proposed sale or assignment is to be made and the consideration and other terms and conditions upon which Participant proposes to make such sale or assignment. If Fox fails to exercise said right of first refusal, then Participant may make any such proposed sale or assignment, but only to the Party and for the consideration and upon the terms and conditions specified in the notice to Fox. If Participant fails to make such proposed sale or assignment, Participant shall not thereafter make a sale or assignment to any other Party for a consideration or upon terms and conditions more favorable to

*except for the estate of the Author, or as part of a sale of all or substantially all of the assets of Licens

such other Party than those specified in the notice to Fox without again giving Fox the opportunity to exercise its right of first refusal in accordance with the foregoing procedure.

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GLOSSARY

Schedule "1" of Exhibit A of Agreement dated _____, 1987 between Twentieth Century-Fox Television, a division of Twentieth Century-Fox Film Corporation and Doubleday & Company, Inc.

As used in Exhibit A and the Agreement, the following words have the following meanings:

A. "Affiliate": A joint venture or partnership or other entity, other than a corporation, with respect to which Fox or a Subsidiary shares in the actual management, operation, and expenses thereof, or a corporate entity in which Fox or a Subsidiary has a financial interest represented by stock ownership in excess of 20%, but not more than 50%, of the total issued and outstanding voting stock of such corporate entity.

B. "Canada": The Dominion of Canada and military installations, aircraft and ships flying the Canadian flag, but no other territories or possessions.

C. "Canadian National Network": At least forty (40) interconnected over-the-air broadcast television stations affiliated with Canadian Broadcasting Corporation or at least nineteen (19) interconnected over-the-air broadcast television stations affiliated with CTV Television Network Ltd. which stations telecast Television Motion Pictures for Free Television Exhibition.

D. "Cassettes": Motion Picture Copies including cassette, cartridge, phonogram, video disc, tape or other similar device now known or hereafter devised and designed to be used in conjunction with a reproduction apparatus which causes a Motion Picture to be visible on the screen of a television receiver or comparable device now known or hereafter devised.

E. "Cassette Distribution": The lease or license of Cassettes of a Motion Picture to one or more Parties with the right to engage in the Cassette Exhibition of the Motion Picture and/or to grant licenses to other Parties to engage in the Cassette Exhibition and/or Cassette Distribution of the Motion Picture.

F. "Cassette Exhibition": The exhibition of a Motion Picture by means of a Cassette in private living accommodations where no fee is charged to the viewer of such exhibition.

G. "Direct Costs": The aggregate of all costs, charges and expenses, paid, incurred or accrued in connection with the acquisition of all underlying literary and musical rights with respect to the Program(s) (including costs of copyright and title searches, clearances and registration, and royalty and license fees) and in connection with the preparation, production, completion and delivery of the completed Program(s), including the costs of materials, equipment, physical properties, personnel and services utilized in connection with the Program(s), both above-the-line and below-the-line (including charges established pursuant to the Twentieth Century-Fox Facilities Price Schedule for facilities, equipment and personnel of the Twentieth Century-Fox Facilities Division furnished and utilized in connection with the Program(s), a percentage of all direct salaries established by Fox to cover employer fringe benefits, and costs of insurance), and commissions whether as a fixed amount or a percentage of Exhibition License Fees, payable to an agent or other Party as consideration for assisting in the licensing of Program(s) or for causing talent to be available for the Program(s).

H. "Distributor": Fox and Subsidiaries and Affiliates engaged in the distribution of the Program(s) for exhibition by other Parties, but not including exhibitors of Motion Pictures by any means now known or hereafter devised or laboratories producing and/or distributing Motion Picture Copies, nor merchandisers, nor book or music publishers, nor phonograph record producers or distributors, nor Pay-TV/Cassette Marketers (whether or not any of the foregoing are Subsidiaries or Affiliates), nor Subdistributors.

I. "Domestic Territory": The United States and Canada.

J. "Free Television Distribution": The lease or license of a Motion Picture to one or more Parties with the right to engage in the Free-Television Exhibition of the Motion Picture and/or to grant licenses to other Parties to engage in the Free-Television Exhibition and/or Free-Television Distribution of the Motion Picture.

K. "Free-Television Exhibition": The telecast of a Motion Picture by means of over-the-air broadcast or cable transmission using any form of Motion Picture Copy for reception on a television receiver or comparable device now known or hereafter devised without a charge being made to the viewer by the telecaster for the privilege of viewing such telecast. For purposes of this definition, the regular periodic service charge (other than a charge paid with respect to Pay Television Exhibition) paid by a subscriber to a cable television transmission services shall not be deemed a charge being made to the viewer.

L. "Law": Any present or future statute or ordinance, whether municipal, county, state, national or territorial; any executive, administrative or judicial regulation, order, judgment or decree; any treaty or international convention; any rule or principle of common law or equity, or any requirement with force of law.

M. "Literary Material": Literary matter, whether published or unpublished, and whether in the form of a novel, treatment, teleplay, or otherwise, included in or upon which a Motion Picture is based.

N. "Literary Publishing Rights": The right to publish, distribute and sell hard cover or soft cover printed publications of all or any part of the Literary Material or other material (other than music and/or lyrics) used in connection with a Motion Picture, including artwork, logos or photographic stills which may be contained in any novelization of the Literary Material, for sale to the public other than the publications included within Merchandising Rights.

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O. "Literary Work": The p[illegible]ular Literary Material upon which the P[illegible]a is based.

P. "Merchandising Rights": The right to license, manufacture, distrib[illegible], and sell articles of merchandise based on or utilizing characters, names, likenesses and characteristics of artists, physical properties or other material appearing or used in or in connection with a Motion Picture or all or any part of the Literary Material and the right to publish, distribute, and sell souvenir programs, picture books, comic books, illustration books, and activity books or booklets based on or utilizing characters, names, likenesses and caricatures of artists, physical properties or other materials appearing or used in or in connection with a Motion Picture or all or any part of the Literary Material.

Q. "Motion Picture": Pictures of every kind and character whatsoever, including all present-and future technological developments, whether produced by means of any photographic, electrical, electronic, mechanical or other processes or devices now known or hereafter devised, and their accompanying devices and processes whereby pictures, images, visual and aural representations are recorded or otherwise preserved for projection, reproduction, exhibition, or transmission by any means or media now known or hereafter devised in such manner as to appear to be in motion or in sequence.

R. "Motion Picture Copy": Any negative or positive Motion Picture film in any gauge, video or electronic tape recording, cassette, disc or other physical material or substance of any kind produced by means of any photographic, electrical, electronic, mechanical or other process or device now known or hereafter devised, on or with respect to which a Motion Picture or any part thereof is printed, imprinted, recorded, reproduced, duplicated or otherwise preserved.

S. "Music Publishing Rights": The right to copyright, copy, publish, distribute, and sell the music and/or lyrics of musical compositions and to license the right to make Sound Records of musical compositions and to make Sound Records of musical compositions in synchronization or timed relation with Motion Pictures and to license the performance of musical compositions.

T. "Network" (also referred to as "United States National Network"): At least fifty (50) interconnected over-the-air broadcast television stations which telecast Television Motion Pictures for Free Television Exhibition and which are affiliated with American Broadcasting Company, Columbia Broadcasting System or National Broadcasting Company.

U. "Network Stripping": Stripping of the Programs pursuant to the agreement authorizing the initial Free Television Exhibition of the Programs by a United States National Network.

V. "Non-Theatrical Distribution": The lease or license of a Motion Picture to one or more Parties with the right to engage in the Non-Theatrical Exhibition of the Motion Picture and/or to grant licenses to other Parties to engage in the Non-Theatrical Exhibition and/or Non-Theatrical Distribution of a Motion Picture.

W. "Non-Theatrical Exhibition": The exhibition of a Motion Picture using any form of Motion Picture Copy in any manner now known or hereafter devised other than Theatrical Exhibition, Free-Television Exhibition, Cassette Exhibition or Pay Television Exhibition by any medium or process now known or hereafter devised.

X. "Outright Sale": The exclusive leasing or licensing of a Motion Picture to any Party in a Territory and for a fixed period of time solely for a fixed price without any obligation to account for or report any monies derived or expenses incurred by such Party from distribution or exhibition of the Motion Picture.

Y. "Party": Any individual, corporation, partnership, joint venture, organization or any other business entity or firm or governmental agency.

Z. "Pay-Television Distribution": The lease or license of a Motion Picture to one or more Parties with the right to engage in the Pay-Television Exhibition of the Motion Picture and/or to grant licenses to other Parties to engage in the Pay-Television Exhibition and/or Pay-Television Distribution of the Motion Picture.

AA. "Pay-Television Exhibition": The exhibition of a Motion Picture by means of over-the-air, cable, closed circuit, satellite, micro-wave or laser transmission using any form of Motion Picture Copy for reception on a television receiver or a comparable device now known or hereafter devised located in a living accommodation, where a supplemental charge is made to the viewer for the privilege of viewing such exhibition in his home or in a hotel, motel, hospital or other living accommodation, whether such exhibition is a particular picture selected by the viewer which would not be available for viewing by the viewer but for the payment of such supplemental charge, or is a picture being exhibited over one or more assigned channels which would not be available for viewing by the viewer but for the payment of such supplemental charge, or where a charge is made to the operator of a hotel, motel, hospital or other living accommodation for the obtaining of such exhibition for viewing at such location.

BB. "Pay-TV/Cassette Marketer": A Subsidiary, Affiliate or other entity engaged in the Pay Television Distribution and/or Cassette Distribution of the Picture provided such Subsidiary, Affiliate or other entity also is engaged in the Pay Television Distribution and/or Cassette Distribution of Motion Pictures, the Theatrical Distribution of which is undertaken by Parties other than Fox, Subsidiaries or Affiliates.

CC. "Pilot": A Television Motion Picture produced as a sample for the purpose of interesting an exhibitor or sponsor in ordering additional Television Motion Pictures. A Pilot may be exhibited separately or as an episode in an episodic or anthology Television Series.

DD. "Remake": A Motion Picture, other than the initial Motion Picture, which is based upon a prior Motion Picture or upon the same elements, the plot or story of the same Literary Material upon which the initial Motion Picture was based. The term Remake does not include a Sequel Motion Picture or foreign, shortened or expanded versions of the prior Motion Picture.

EE. "Remake Rights": The ri[illegible] make one or more Remakes.

FF. "Restricted Currency": [illegible]eign currency which is or becomes subj[illegible], moratorium, embargo, banking or exchange restrictions, or restrictions against remittances to the United [illegible]s, or which in the business judgment of Fox is commercially impracticable to remit.

GG. "Sequel Motion Picture": A Motion Picture in which

1. One or more of the principal characters is taken from the Literary Material upon which a prior Motion Picture is based and/or from the prior Motion Picture; and

2. Said principal character(s) is shown as participating, for the most part, in new and different events and situations from the events and situations in which said principal character(s) participated (whether or not as principal characters) in said Literary Material or in said prior Motion Picture or any Remake thereof or in any earlier Sequel Motion Picture or any Remake thereof.

3. The plot or story differs from that of said Literary Material or of said prior Motion Picture or any Remake thereof or of any earlier Sequel Motion Picture or any Remake thereof.

The term Sequel Motion Picture does not include any Remake of the said prior Motion Picture, any Remake of any Sequel Motion Picture, or any Remake of any Remake.

HH. "Sequel Motion Picture Rights": The right to make one or more Sequel Motion Pictures.

II. "Sound Records": Sound recordings and reproductions of every kind and character including all present and future developments of the sound recording and Motion Picture industries whether produced by means of any electrical, electronic, mechanical or other process or device now known or hereafter devised, and any accompanying process or device whereby sound may be recorded for later transmission or playback, whether or not simultaneously or in synchronization or timed relation with Motion Pictures.

JJ. "Soundtrack Recording Rights": The right to license, manufacture, distribute and sell Sound Records made from the soundtracks of a Motion Picture or from a re-recording of the soundtrack of the Motion Picture in lieu of the actual soundtrack.

KK. "Spinoff": A new Television Series incorporating any continuing character or substantial element from any prior Television Series including the Pilot of such prior Television Series.

LL. "Stripping": The licensing of a Television Series to a Party for Free Television Exhibition at least five (5) times per week.

MM. "Subdistributor": A Party licensed by Distributor to distribute or license the Program(s) for exhibition in any one or more Territories, other than a Subsidiary, Affiliate or exhibitor, or a licensee of an Outright Sale transaction.

NN. "Subsidiary": A Party in which Fox has a financial interest represented by stock ownership in excess of 50% of the total issued and outstanding voting stock of such Party.

OO. "Television Motion Picture": One or more Motion Pictures primarily intended to be initially distributed for Free Television Exhibition, whether as a Pilot or as an episode of an episodic or anthology Television Series or a single television program.

PP. "Television Series": A series of Sequel Television Motion Pictures in episodic or anthology form.

QQ. "Territory": Any particular geographic area constituting a nation, country, state, governmental entity or a subdivision thereof located anywhere in the world.

RR. "Theatrical Distribution": The lease or license of a Motion Picture to one or more Parties with the right to engage in Theatrical Exhibition of the Motion Picture and/or to grant licenses to other Parties to engage in the Theatrical Exhibition and/or Theatrical Distribution of the Motion Picture.

SS. "Theatrical Distribution Outright Sale": An Outright Sale of a Motion Picture solely for Theatrical Distribution for a period in excess of three (3) years or more. Theatrical Distribution Outright Sale does not include any licensing to an exhibitor.

TT. "Theatrical Exhibition": The exhibition of a Motion Picture using any form of Motion Picture Copy by any process now known or hereafter devised in conventional or drive-in theatres open to the general public on a regularly scheduled basis where a fee is charged for admission to view the Motion Picture.

UU. "Theatrical Motion Picture": A Motion Picture primarily intended to be initially distributed for Theatric[illegible] Exhibition.

VV. "United States": The continental United States of America including the District of Columbia and the State of Alaska and Hawaii, and military installations, aircraft and ships flying the United States flag, but excluding territories and possessions.

WW. "United States National Network" (also referred to as "Network"): At least fifty (50) interconnected over air broadcast television stations which telecast television Motion Pictures for Free Television Exhibition and are affiliated with American Broadcasting Company, Columbia Broadcasting System or National Broadcasting Company

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TWENTIETH CENTURY-FOX TELEVISION
a Division of
Twentieth Century-Fox Film Corporation
P.O. Box 900
Beverly Hills, California 90213

March 11, 1993

Doubleday, a Division
of Bantam Doubleday
Dell Publishing Group, Inc.
666 Fifth Avenue
New York, New York 10103

RE: AMENDMENT TO AGREEMENT BETWEEN TWENTIETH CENTURY-FOX TELEVISION, A DIVISION OF TWENTIETH CENTURY-FOX FILM CORPORATION AND DOUBLEDAY, A DIVISION OF BANTAM DOUBLEDAY DELL PUBLISHING GROUP, INC. DATED AS OF JUNE 22, 1988 - "CRUSADE IN EUROPE"

Ladies & Gentlemen:

This letter shall serve as an amendment (the "Amendment") to the agreement (the "Agreement") referenced above, which was entered into by and between Twentieth Century-Fox Television, a Division of Twentieth Century-Fox Film Corporation ("Fox") and Doubleday, a Division of Bantam Doubleday Dell Publishing Group, Inc. ("Licensor")

Licensor and Fox agree that the Agreement shall be amended as follows:

1. The first sentence of Paragraph 1(c) shall be amended to read as follows:

> "Term" shall mean the term of this Agreement, which shall commence as of the date hereof and continue thereafter for a period of fourteen (14) years."

2. Paragraph 8 of Exhibit A to the Agreement shall be amended by adding the following sentence at the end of such paragraph:

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"Notwithstanding the foregoing, in the event Fox fails to render a Participation Statement, for a period in which Gross Receipts have been received, as required by this paragraph 8, Licensor may send Fox a notice of termination of the Agreement for such failure, provided that Fox shall have sixty (60) days from its receipt of such notice in which to cure such breach by rendering a Participation Statement to Licensor."

3. To the extent this Amendment contradicts, contravenes or is inconsistent with any other term or condition of the Agreement, this Amendment shall be controlling.

4. This Amendment shall be effective as of the date first set forth above.

5. All other terms and conditions of the Agreement shall remain in full force and effect.

If this Amendment correctly states our understanding on the matters contained herein, please sign both originals where indicated and return them to me. I will then arrange to have the Amendment countersigned on behalf of Fox and will return one fully-executed original to you for your records.

Very truly yours,

TWENTIETH CENTURY-FOX TELEVISION, A DIVISION OF TWENTIETH CENTURY-FOX FILM CORPORATION

Sign By: Brian D. Regan
Title: V.P. Business Affairs

ACCEPTED AND AGREED TO:

DOUBLEDAY, A DIVISION OF BANTAM GROUP, INC.

By: Carol Lazare

Title: Director of Subsidiary Rights

Date: March 24, 1993

EXHIBIT G
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Supreme Court U.S.
FILED
FEB 13 2003
OFFICE OF THE CLERK

(5)

No. 02-428

IN THE

Supreme Court of the United States

DASTAR CORPORATION,

Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT LLC, and NEW LINE HOME VIDEO INC.,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF FOR PETITIONER

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QUESTIONS PRESENTED

1. Does the Lanham Act protect creative works from uncredited copying, even without a likelihood of consumer confusion?

2. May a court applying the Lanham Act award twice the defendant's profits for purely deterrent purposes?

STATEMENT PURSUANT TO RULE 29.6

Petitioner, Dastar Corporation, has no parent corporation and no publicly held company owns 10% or more of its stock.

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OPINIONS BELOW

The unpublished memorandum disposition of the court of appeals is available at 34 Fed. Appx. 312 and 2002 WL 649087. Pet. App. A at 1a-6a. The decisions of the district court are unreported. Pet. App. B at 7a-29a; Pet. App. C at 30a-55a.

STATEMENT OF JURISDICTION

The court of appeals entered its judgment on April 19, 2002, Pet. App. A at 1a, and denied Dastar's petition for rehearing on June 13, 2002. JA 59a. Dastar filed its petition for a writ of certiorari on September 11, 2002. This Court granted Dastar's petition on January 10, 2003. The jurisdiction of this Court is invoked under 28 U.S.C. § 1254(1) (2000).

STATUTORY PROVISIONS INVOLVED

1. The statute relevant to Question 1 is section 43(a)(1) of the Lanham Act, 15 U.S.C. § 1125(a)(1) (2000), which provides:

> Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or misleading representation of fact, which –
>
> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
>
> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is likely to be damaged by such act.

2. The statute relevant to Question 2 is section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a) (2000), which provides:

> When a violation of any right of the registrant of a mark registered in the Patent and Trademark Office, or a violation under section 1125(a), (c), or (d) of this title, or a willful violation under 1125(c) of this title, shall have been established in any civil action arising under this chapter, the plaintiff shall be entitled, subject to the provisions of sections 1111 and 1114 of this title, and subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action. The court shall assess such profits and damages or cause the same to be assessed under its direction. In assessing profits the plaintiff shall be required to prove defendant's sales only; defendant must prove all elements of cost or deduction claimed. In assessing damages the court may enter judgment, according to the circumstances of the case, for any sum above the amount found as actual damages, not exceeding three times such amount. If the court shall find that the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just, according to the circumstances of the case. Such sum in either of the above circumstances shall constitute compensation and not a penalty. The court in exceptional cases may award reasonable attorney fees to the prevailing party.

STATEMENT OF THE CASE

In 1948, General Eisenhower completed his memoirs of World War II. Pet. App. C at 42a-43a. The publisher, Doubleday, granted exclusive television rights in the memoirs to Twentieth Century Fox, which in turn arranged for Time Inc. to produce a TV series based on the book. *Id.* at 9a. The TV series, entitled *Crusade in Europe*, combined a soundtrack based on the book with film footage from the U.S. Army, Navy, and Coast Guard, the British Ministry of Information and War Office, the National Film Board of Canada, and unidentified "Newsreel Pool Cameramen." *Id.* at 10a, 13a; S.App. 23.

When the time came to renew its copyright in the TV series in the 1970s, Fox failed to do so. Pet. App. C at 49a. Doubleday did renew the book's copyright in its own name, claiming for the first time that General Eisenhower composed his memoirs as a work for hire. *Id.* at 43a.

By 1988, videotapes had swept the American market, and it was evident that Fox's failure to renew the TV series copyright was a blunder. Fox's cure was to reacquire the television rights in the book – now including the right to produce a videotape. Pet. App. B at 10a. Fox granted SFM Entertainment the right to act as sales agent and distributor of the videotape series. *Id.* SFM spent $75,000 to locate, restore, and put the TV series on videotape. *Id.* at 11a. SFM gave New Line Home Video a distribution license for the videotapes. *Id.*

In 1995, Dastar decided to expand its music business to videotapes. *Id.* at 12a. Dastar learned that the 1948 TV series was in the public domain, purchased a copy commercially, and copied large parts of the series to make its own videotape series, entitled *Campaigns in Europe*. *Id.* at 12a. The court found that Dastar spent over $90,000 on its version. *Id.* at 19a-20a. Dastar sold the seven-tape boxed set for $25 a set – substantially less than respondents' version. *Id.* at 19a. Dastar copied from the original TV series, as opposed to the New Line video set. Pet. App. B at 12a-13a; Pet. App. C at 45a.

Dastar's version was a bit more than half as long as the television series, and nearly an hour shorter than the New Line videocassettes. Pet. App. B at 13a. Dastar's product contained about thirty minutes of new footage, including a new narrated opening title sequence and new narrated chapter heading sequences. Dastar also substantially modified the order of the footage it selected from the television series. 9th Cir. Excerpts of Record 1876-78, 1665 ("ER"); Pet. App. B at 13a, 15a-16a. It created entirely new packaging and a new title. Dastar's credits listed only Dastar and those of its staff who actually produced its videos; they did not mention Fox, New Line, or SFM. Pet. App. B at 18a.

Fox, SFM, and New Line filed a lawsuit charging violations of the Copyright Act, alleging infringement of the copyright in General Eisenhower's book (not the expired copyright in the television series).[1] In an amended complaint, they added a claim for violation of the Lanham Act, 15 U.S.C. § 1125(a)(1) (2000), based on the inclusion of Dastar and its personnel in the credits and the failure to mention Fox and the other respondents. The failure to give credit, respondents argued, constituted "reverse" passing off under the Lanham Act.

The United States District Court for the Central District of California rendered two decisions for respondents. The first granted summary judgment against Dastar on liability, Pet. App. C at 46a-54a, and the second assessed monetary relief after a trial. Pet. App. B at 22a-27a. In granting summary judgment as to liability, the court held

1. The district court found Dastar liable for infringing the Doubleday copyright, but in the decision below, the Ninth Circuit reversed that grant of summary judgment. The copyright claim was remanded for trial to determine whether Doubleday had properly renewed the book's copyright. The copyright claim is no longer directly implicated in this case. On remand, a trial was held and the district court ruled that Doubleday did properly renew the book's copyright; that issue will be presented anew in a future appeal to the Ninth Circuit.

that, notwithstanding the differences between the two in content, packaging, design, and title, Dastar's series was a "bodily appropriation" of the television series, and that Dastar's failure to "credit" respondents violated the Act. Pet. App. C at 51a-53a. At trial, the court awarded respondents an amount equal to Dastar's profits from its videos, approximately $784,000, and then doubled this award on the ground that Dastar's violation of the Lanham Act was willful. Pet. App. B at 27a. The result was an award substantially in excess of Dastar's entire gross revenue from its videotape series, about $875,000.

The Ninth Circuit affirmed. The court concluded that Dastar was liable for reverse passing off because its product "bodily appropriated" the television series without attribution to Fox, SFM, or New Line. The court found proof of likely confusion unnecessary "because the bodily appropriation test subsumes the less demanding consumer confusion standard." Pet. App. A at 3a-4a (internal quotation marks omitted). The court of appeals also affirmed the district court's award under the Lanham Act of twice Dastar's profits, concluding that the award was proper "in order to deter future infringing conduct by Dastar – a permissible ground under the Lanham Act." Pet. App. A at 4a.

SUMMARY OF ARGUMENT

Imitation may be the most sincere form of flattery, but it is not the most respected. Merchants who copy the products of others for a living do not enjoy a good press. At least not until the press goes shopping – for generic drugs, say, or Seventh Avenue copies of designer couture, or a classic artwork poster to liven up a college dorm room. It is in the marketplace that imitators shine, rapidly and efficiently bringing down the price of goods whose intellectual property protection has expired and at the same time laying the foundation for new innovation.

The Framers of the copyright and patent clause counted on imitators to play just that role. In this case, however, the lower courts' distaste for imitation led them into error – both in assessing liability and in imposing a remedy.

A. The copyright and patent clause of the Constitution does not allow copyright owners to obtain permanent protection against the copying of their works. It lets Congress grant authors and inventors "exclusive rights" only "for limited Times." After that, imitators may exercise a "federal right to copy and to use" products that have entered the public domain. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989).

What freedom the copyright and patent clause gives, the Lanham Act may not take away. The lower courts, however, have interpreted section 43(a) of the Lanham Act to do just that. The doctrine announced in *Smith v. Montoro*, 648 F.2d 602 (9th Cir. 1981), allows copyright holders to control material long after copyright protection has lapsed, using tests that the courts admit are borrowed from copyright law. The Lanham Act may not, consistent with the Constitution, impose so heavy a burden on the "federal right to copy and to use" materials from the public domain.

Properly interpreted, the Lanham Act does not. Section 43(a) prohibits a person from using a "false designation of origin" that is "likely to cause confusion . . . as . . . to the origin . . . of his or her goods . . . by another person." In finding a violation of this provision, the lower courts misread the Act in four separate ways.

1. "Likely to cause confusion." The courts below did not examine relevant marketplace facts to determine whether respondents were likely to suffer from consumer confusion as a result of the credits Dastar used and didn't use. Instead, they conclusively presumed a likelihood of confusion from the fact that Dastar's videotape series was so similar to respondents' product. But by reducing likelihood of confusion to a simple question of similarity, the courts ensured that those who copy from the public domain will always be under an obligation to give credit to the work's originator. That obligation will protect copyright holders forever.

And not in a small way. Because the Lanham Act also prohibits misleading suggestions of "sponsorship or approval . . . by another person," former copyright holders like Fox have it both ways. If they get no credit, they can bring a claim for false designation of origin; if they do get a credit, they can sue their competitor for falsely suggesting that they sponsored and approved the competitor's product. Nothing can be copied, in short, without their consent. Rather than put this heavy burden on users of the public domain, the courts should have followed the practice that prevails elsewhere under the Lanham Act: required respondents to meet their burden of showing a real likelihood of confusion.

2. "Origin." The courts below treated respondents as the "origin" of Dastar's videotape series even though their contributions to the original TV series were largely financial and managerial – and in some cases nonexistent. If that definition of "origin" stands, those who copy and modify collaborative works will be forced to give credits to an ever-growing roster of originators.

The breadth and formlessness of the "moral rights" thus created are in direct conflict with the great caution Congress has shown as it has added such rights to the Copyright Act. This sweeping obligation has already begun to generate a new federal common law of film and television credits, as courts are forced to decide how a "presented by" credit differs from a "by arrangement with" credit and what an "associate producer" actually does – something that Hollywood has yet to agree on.

3. "False designation." Dastar made no "false designation" when it put its name on videotapes that it edited, produced, manufactured, and sold. The Lanham Act expressly protects merchants who put their names on goods they make and sell. So the only question is whether the Lanham Act treats the omission of respondents' names as a "false designation."

It does not. In 1988, Congress carefully considered and rejected an amendment that would have added a prohibition on "material omissions" to section 43(a). The amendment was rejected because Congress feared the implications of such a provision for free speech.

Congress was right. The government may not force Dastar to speak and at the same time turn the act of speaking into a liability high-wire act. Faced with competitors wielding "origin" and "sponsorship" liability like pincers, Dastar must have the option of remaining silent. For all those reasons, and for reasons of simple English usage, Dastar's omission of respondents' names cannot be considered either "false" or a "designation."

4. "Origin . . . by another person." The 1988 amendments made another change to section 43(a). Recognizing the risk to free speech if companies were encouraged to sue their critics, Congress strictly limited claims for commercial defamation, that is, for alleged misrepresentations about the products of others. In the course of implementing this principle Congress eliminated the textual basis for claims of "reverse" passing off. A merchant engaged in ordinary passing off is taking his own low-quality goods and pretending that their "origin" is "by another person." That false statement about his own goods is prohibited by the amended text of the Act. But a merchant engaged in "reverse" passing off is doing the opposite – pretending that someone else's goods originated with him. That is a statement about the goods of another person, and it is no longer barred by the Act. "Reverse" passing off has passed away. And, considering that its principal contribution to the casebooks in the past twenty years has been a proliferation of *Montoro* cases, it should not be mourned.

B. The courts below awarded all of Dastar's profits to respondents because it found Dastar's acts willful, then doubled the award for purposes of deterrence on the same premise. The remedy was improper in both respects.

1. The award of even the base amount of profits was erroneous because it was based on deterrence rather than compensation. Under the Lanham Act, all remedies are "subject to the principles of equity." 15 U.S.C. § 1117(a) (2000). As this Court clearly stated while the Lanham Act was being shaped, equitable relief is limited to curing the harm caused by the infringement: it may not be awarded for purposes of punishing the defendant – not even in cases of "deliberate plagiarism." *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 405 (1940). This principle requires that courts have a compensatory basis for an award of profits. In this case, the district court made no findings connecting Dastar's profits to any injury suffered by respondents. Indeed, because this is a "reverse" passing off case, there can be no plausible connection between the defendant's sales and any harm to the plaintiff.

2. The district court's doubling of the profits award breached a second express statutory provision. At the same time that the Act grants courts the unusual authority to "enhance" monetary awards, it declares that the enhancement must constitute "compensation and not a penalty." 15 U.S.C. § 1117(a). This provision on its face prohibits awards not grounded in fair compensation, but its instruction is further clarified by the line of cases that inspired it. In those cases, this Court allowed awards of minimum statutory damages when an exact accounting of plaintiff's harm was not possible, but it stressed that such awards avoid becoming penalties only if their purpose is providing "some recompense for injury" as opposed to punishment. *Douglas v. Cunningham*, 294 U.S. 207, 209 (1935); *see Brady v. Daly*, 175 U.S. 148, 154-55 (1899). Congress has read the statute in a manner consistent with its history, even going so far in 1984 as to make a separate statutory allowance for *punitive* trebled awards in trademark counterfeiting cases because the "compensation and not a penalty" clause did not permit imposition of such a penalty when one was needed. The courts

below were prudent enough not to actually call their punitive enhancement a "penalty," but the statutory restriction cannot be escaped merely by characterizing the enhancement as a "deterrent" aimed at "willful" violations. Deterrence and punishment are merely reasons for imposing penalties. They have nothing to do with compensation. The deterrence-based double award should be reversed.

ARGUMENT

I. THE LANHAM ACT DOES NOT PROTECT CREATIVE WORKS FROM UNCREDITED COPYING

A. The *Montoro* Doctrine Violates the Copyright and Patent Clause and the Lanham Act

1. The Copyright and Patent Clause

The hardheaded realists who framed the Constitution admired authors and inventors but loathed monopolies, and they counted on a marketplace filled with imitators to resolve that tension. The copyright and patent clause proposed by James Madison in 1787 empowers Congress to "promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." U.S. Const., art. I, § 8, cl. 8.

"The clause is both a grant of power and a limitation." *Graham v. John Deere Co.*, 383 U.S. 1, 5 (1966). It authorizes Congress to grant a "form of monopoly," *id.* at 7, but only for limited times. "Congress may not create patent monopolies of unlimited duration." *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 146 (1989). Rather, the clause contemplates that the "exclusive right shall exist but for a limited period." *Pennock v. Dialogue*, 27 U.S. 1, 16-17 (1829) (Story, J.).

Once the monopoly's limited time has expired, the Framers expected widespread copying to disseminate the works and at the same time strip away the monopoly profits that authors and inventors had been earning from their

exclusive rights. Thus, when the monopoly expires, so too does the author's right to prevent copying – even direct, wholesale, and slavish appropriation of every aspect of the author's creation. "[T]he right to make the article – including the right to make it in precisely the shape it carried when patented – passes to the public." *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 230 (1964). The form in which the product was temporarily protected becomes "dedicated to the public." *Kellogg Co. v. Nat'l Biscuit Co.*, 305 U.S. 111, 120 (1938). The expiration of protection "create[s] a federal right to 'copy and to use.'" *Bonito Boats*, 489 U.S. at 165.

For more than a century, this Court has regularly been obliged to remind authors and inventors that the "limited Times" applicable to their exclusive rights are just that – limited – and may not be extended by imaginative readings of trademark and unfair competition laws. In 1896, for example, this Court faced a claim surprisingly similar to the present case. *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169 (1896). When the patent on Singer's sewing machine expired, the price of its machines dropped precipitously as imitators crowded the market. Claiming trademark infringement and unfair competition, it sued a competitor which had bodily appropriated every aspect of its formerly protected invention – "the exact size, shape, ornamentation, and general external appearance" of its machine. *Id.* at 170. This Court found nothing wrong with the competitor's wholesale copying:

> It is self-evident that on the expiration of a patent the monopoly created by it ceases to exist. . . . It follows, as a matter of course, that on the termination of the patent there passes to the public the right to make the machine in the form in which it was constructed during the patent.

Id. at 185.

Once protection provided by patent or copyright laws ends, the Constitution prevents unfair competition or trademark law from being applied in a fashion that would

"prohibit the copying of the article itself." *Sears*, 376 U.S. at 232-33. Such protection would extend the original monopoly under the guise of unfair trade law and thus would "interfere with the federal policy, found in art. I, § 8, cl. 8, of the Constitution." *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964).

2. The Lanham Act

The Lanham Act cannot be read to contradict this constitutional policy. Trademark has little to do with rewarding the creativity that is recognized by patents and copyrights: "[t]he ordinary trademark has no necessary relation to invention or discovery. . . . It requires no fancy or imagination, no genius, no laborious thought. It is simply founded on priority of appropriation," *The Trade-Mark Cases*, 100 U.S. 82, 94 (1879), and it is not authorized by "any . . . power in the constitutional provision concerning authors and inventors, and their writings and discoveries." *Id.*

Because trademarks have nothing to do with innovation or creativity, the protection they grant may extend "in perpetuity." *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 165 (1995). So there is always a risk that, if trademark protection extends into realms properly governed by patent or copyright, it will become more protective than the laws enacted under the copyright and patent clause. This, of course, would destroy the "carefully crafted bargain" demanded by that clause. *Bonito Boats*, 489 U.S. at 150-51. The commerce clause does not empower Congress to override limits imposed by the copyright and patent clause. *See N. Am. Co. v. Sec. & Exch. Comm'n*, 327 U.S. 686, 704-05 (1946) (commerce clause "is limited by express provisions, in other parts of the Constitution"); *cf. Coll. Sav. Bank v. Fla. Prepaid Post-Secondary Educ. Expense Bd.*, 527 U.S. 666, 671 (1999).

To steer wide of these constitutional shoals, the Lanham Act should be interpreted in a fashion that does not intrude on terrain governed by the copyright and patent clause. *Cf. Jones v. United States*, 529 U.S. 848, 857 (2000); *Edward J. Bartolo Corp. v. Fla. Gulf Coast Bldg. & Constr. Trades Council*, 485 U.S. 568, 575 (1988). This Court followed that path in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001). Having granted certiorari to consider whether the Lanham Act could constitutionally grant trade dress protection to functional features of a product design after patent protection had expired, the Court concluded that the Act provided no such protection. *Id.* at 29-30. Such an interpretation is also proper here, for the history of the Lanham Act shows that its drafters had no interest in buttressing the monopolies created by copyright or patent law. In the words of the Senate Patent Committee, the Act "has as its object the protection of trade-marks, securing to the owner the good will of his business and protecting the public against spurious and falsely marked goods." S. Rep. No. 79-1333, at 3 (1946) (emphasis added). "This can be done," the Committee explained, "without any misgivings and without fear of fostering hateful monopolies," for – unlike patent and copyright law – "no monopoly is involved in trade-mark protection." *Id.* Allowing Fox to use a "credit" obligation under the Lanham Act to extend its copyright monopoly into eternity would thus be inconsistent with both the Constitution and the Act.

3. "Reverse" Passing Off and the *Montoro* Doctrine

Against this background, courts have generally taken care to hold the Lanham Act apart from the copyright and patent laws. Certainly this Court has "consistently rejected the proposition that a . . . kinship exists between copyright law and trademark law." *Sony Corp. of Am. v. Universal City Studios, Inc.*, 464 U.S. 417, 439 n.19 (1984). When it comes to the obscure doctrine of "reverse" passing off, however, the lower courts have flouted this guidance.

Trademark law has long and properly condemned ordinary "passing off" – when, for example, a little-known, "Brand X" watch manufacturer attaches the Rolex trademark to its watches and passes them off as made by Rolex. In contrast, "reverse" passing off would occur if the Brand X company bought genuine Rolex watches, took off the Rolex mark, put its own name where Rolex's used to be, and sold the watches as "Brand X." As the example suggests, the commercial temptation to engage in "reverse" passing off is slight – as is the harm it causes. "Reverse" passing off does not directly threaten the reputation or sales of Rolex, because Rolex's name is not on the watches. Restatement (Third) of Unfair Competition § 5 cmt. a (1995). Indeed the practice is often harmless or even beneficial (as when Safeway buys Birdseye frozen peas in bulk and markets them at a discount under its own private label).

In recent years, however, this dusty corner of the law has been transformed. The process began with *Smith-v. Montoro*, 648 F.2d 602 (9th Cir. 1981), in which the Ninth Circuit granted relief to a film actor who found his name replaced in the credits by that of a fictional actor – an intentional fabrication. Analogizing to the substitution of a misleading trademark on physical goods, the court found a Lanham Act violation – and opened the floodgates to a new style of claim entirely.

Building on *Montoro*, the lower courts have created a body of "creative credit" rules that are borrowed directly and unashamedly from the Copyright Act. As applied in some circuits, the credit obligation has become so broad and vague that all who copy works, even from the public domain, are at risk. It has been applied not just to active misattributions but when a credit was simply omitted,[2] or when it was only partially

2. *E.g.*, *Schatt v. Curtis Mgmt. Group, Inc.*, 764 F. Supp. 902, 914 (S.D.N.Y. 1991) (defendant published James Dean photo without crediting plaintiff); *Meta-Film Assocs., Inc. v. MCA, Inc.*, 586 F. Supp. 1346, 1362-63 (C.D. Cal. 1984) (following *Montoro* in recognizing claim for omission of credit).

correct,[3] or when there were simply differences of view about how much credit a particular contributor deserved.[4] And, in a glimpse of the doctrine's likely future, the lower courts have found themselves forced to rewrite television credits frame by frame, deciding how big each should be, whether it should occupy the entire screen or share it with other credits, and which credits should come at the beginning and which at the end of the show.[5]

The lower courts' "credit" obligation puts a particularly tight squeeze on "the federal right to copy and to use" uncopyrighted material because it creates two contradictory obligations under section 43(a) of the Lanham Act. Imitators must not only give credit to their competitors; they must at the same time avoid any suggestion that their competitors "sponsored" or "approved" the imitation. *See infra* pp. 33-34. In short, under *Montoro*, competitors will never lack for a Lanham Act claim against those who seek to compete with them.

The lawsuit filed by Fox and the other respondents illustrates the sweep of this new doctrine. Without regard to the public domain status of the original TV series, the lower courts found Dastar liable under § 43(a) because it copied the series and added a credit for itself while omitting any credits for respondents. The court of appeals summed up the theory of liability succinctly: "Dastar copied substantially the entire *Crusade in Europe* series created by Twentieth Century Fox, labeled the resulting product with a different name and marketed it without attribution to Fox. Dastar therefore committed a 'bodily appropriation' of Fox's series." Pet. App. A at 3a.

3. *Lamothe v. Atl. Recording Corp.*, 847 F.2d 1403, 1406-07 (9th Cir. 1988).

4. *Aalmuhammed v. Lee*, 202 F.3d 1227, 1237-38 (9th Cir. 2000) (allowing suit to decide whether a contributor to Spike Lee's *Malcolm X* should be credited as a "co-writer" or an "Islamic Technical Consultant").

5. *Paquette v. Twentieth Century Fox Film Corp.*, 54 U.S.P.Q.2d 1286, 1287-88 (S.D.N.Y. 2000).

B. The Lanham Act May Not Be Construed to Impose Liability In This Case

The effect of the decision below – and indeed of the entire *Montoro* doctrine – is to extend the Lanham Act deep into the realm of copyright. The lower courts found themselves applying the Lanham Act in this alien terrain because they ignored four separate textual provisions of section 43(a). First, they treated consumer confusion as a mere technicality that can be presumed when necessary to punish blatant copying. Second, they let the Lanham Act's definition of "origin" drift beyond its moorings to cover intangible contributions of all sorts. Third, they treated the omission of credits as a "false designation." And finally, they ignored the statutory text that makes false designations actionable only if they confuse consumers into believing that the defendant's goods had their "origin . . . by another person." We address each error in turn.

1. "Likelihood of confusion" may not be presumed

a. Usually, it is "undisputed that liability under 43(a) requires proof of the likelihood of confusion." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992). In cases falling within the *Montoro* line, however, this observation is anything but undisputed. The Ninth and Second Circuits have reduced proof of likely consumer confusion to a single question – how closely the defendant's product resembles the plaintiff's. The Ninth Circuit presumes a probability of confusion from "bodily appropriation" of the copied work, *see* Pet. App. A at 3a, while, in the Second Circuit, a "substantial similarity" between the works is sufficient. *Waldman Publ'g Corp. v. Landoll, Inc.*, 43 F.3d 775, 782, 784 (2d Cir. 1994). This presumption of likely confusion not only diverges from the practice of other courts,[6] it also

6. *See, e.g., Murray Hill Publ'ns, Inc. v. ABC Communications, Inc.*, 264 F.3d 622, 634 (6th Cir. 2001); *Lipscher v. LRP Publ'ns, Inc.*, 266 F.3d 1305, 1313 (11th Cir. 2001); *King v. Ames*, 179 F.3d 370, 374 (5th Cir. 1999).

represents an intentional blurring of the line between trademark and copyright law. *See Cleary v. News Corp.*, 30 F.3d 1255, 1261 (9th Cir. 1994) (borrowing bodily appropriation standard from "the copyright context"); *Waldman*, 43 F.3d at 783 (substantial similarity standard is "essentially" the same as that "used to show copyright infringement").[7] It turns the Lanham Act into a form of "disguised copyright," *Kodadek v. MTV Networks, Inc.*, 152 F.3d 1209, 1213 (9th Cir. 1998), in a fashion that is simply inconsistent with the copyright and patent clause.[8]

b. That was not Congress's intent. The "likelihood of confusion" requirement, which was added quite deliberately by Congress in 1988, Trademark Law Revision Act of 1988, § 27, reinforces a longstanding body of precedent treating likelihood of confusion as an essential element of a trademark infringement claim. *See, e.g., McLean v. Fleming*, 96 U.S. 245, 251 (1877). The burden is on the plaintiff to show that

7. *See also Attia*, 201 F.3d at 59; *Madrid v. Chronicle Books*, 209 F. Supp. 2d 1227, 1245 (D. Wyo. 2002); *Dahlen v. Mich. Licensed Beverage Ass'n*, 132 F. Supp. 2d 574, 589 (E.D. Mich. 2001); *Kerr v. New Yorker Magazine, Inc.*, 63 F. Supp. 2d 320, 326 (S.D.N.Y. 1999).

8. The courts have been misguided in grafting copyright doctrines into trademark law. The Second and Ninth Circuits have gotten caught up in determining the degree to which a defendant has misappropriated or copied a plaintiff's goods or services. . . . While this is certainly appropriate for a *copyright* analysis, it is unnecessary under the *trademark* regime. . . . Instead, what is crucial is a determination of whether the misappropriation, whatever it might be, is likely to cause consumer confusion. The Lanham Act states as much, and courts should follow its statutory dictates.

Joseph H. Golant & Jodi M. Solovy, *Discrimination Against Authors and Artists – the Ninth Circuit and Section 43(a)*, 33 Beverly Hills B.J. 35, 42 (2000).

confusion is a "likelihood" – a probability, that is, and not a mere possibility. 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 23.3 (4th ed. 2002); *see Am. Steel Foundries v. Robertson*, 269 U.S. 372, 384 (1926).

In gauging likelihood of confusion, courts must examine all relevant marketplace facts. *See Nabisco, Inc. v. PF Brands, Inc.*, 191 F.3d 208, 217 (2d Cir. 1999); Restatement (Third) of Unfair Competition §§ 20-23 (1995). No single fact is decisive, and no determination can be made without performing a comprehensive analysis of all the relevant facts. *Thompson Med. Co. v. Pfizer, Inc.*, 753 F.2d 208, 214 (2d Cir. 1985); *SquirtCo. v. Seven-Up Co.*, 628 F.2d 1086, 1091 (8th Cir. 1980).[9] While courts have often been invited to decide whether confusion is likely by simply comparing the two products, they have always declined.[10] Except in the context of "reverse" passing off. Yet there is no reason to set a lower hurdle for a claim with so little basis in law or policy.

c. Rather than benefiting from a conclusive presumption of confusion, respondents should have met their burden of proof by presenting specific evidence that the omission of their names was likely to cause material confusion among consumers. Several factors in this case suggest that this burden would prove a heavy one.

i. In the first place, it is hard to believe that the credits, had they appeared on Dastar's videotape series, would have made the slightest impression on consumer purchasing

9. Because the issue of likelihood of confusion is predominantly factual in nature, "summary judgment [is generally] disfavored." *Wendt v. Host Int'l, Inc.*, 125 F.3d 806, 812 (9th Cir. 1997), *reh'g denied*, 197 F.3d 1284 (9th Cir. 1999).

10. *See, e.g., Vittaroz Corp. v. Borden, Inc.*, 644 F.2d 960, 966-68 (2d Cir. 1981); *Walt Disney Prods. v. Air Pirates*, 581 F.2d 751, 759 (9th Cir. 1978); *James Burrough Ltd. v. Sign of the Beefeater, Inc.*, 540 F.2d 266, 275 (7th Cir. 1976).

behavior.[11] In respondents' own videotape series, the credits for Fox, New Line, and SFM appear for a few seconds at the very beginning or very end of the program, at a time when it is likely that "viewers [are] dashing to the refrigerator." *Paquette v. Twentieth Century Fox Film Corp.*, 54 U.S.P.Q.2d 1286, 1288 (S.D.N.Y. 2000). What's more, the credits they apparently want would convey next to nothing to the ordinary consumer. The screens that SFM and New Line display in their own videotape series credit them with no particular role at all; those screens simply display their corporate logos. The credit for Fox is even more baffling: "A March of Time Production by Arrangement with 20th Century Fox." Fox produced no evidence to suggest that consumers would know what "by arrangement with" means, let alone that any consumer has ever walked into a local video store and asked for more videotapes "arranged by 20th Century Fox." If these screens do not spur consumer action, their omission logically cannot create a meaningful likelihood of consumer confusion.

ii. Even if it could be shown that consumers actually see and understand a particular screen credit, that does not mean that their omission has cost respondents goodwill. Videotape credits appear on a viewer's screen at a time and place far removed from the video store where the consumer's next purchase will be made.[12] And no one watches the screen credits of a videotape before deciding to buy it. Commercial practice reinforces the common sense observation that there is little connection between these screen credits and consumer purchases. In this very case, both Fox and Dastar put their names in the videotape opening credits, but they saw so little

11. *Walt-West Enters., Inc. v. Gannett Co.*, 695 F.2d 1050, 1062 (7th Cir. 1982) ("listeners have no real incentive to exercise any great care in differentiating among the symbols of the various stations").

12. *Innovative Networks, Inc. v. Young*, 978 F. Supp. 167, 177 (S.D.N.Y. 1997) (no reverse passing off in placing labels over competitor's name on floor plans where no prospective tenant confused).

goodwill in those credits that neither relied on their names in marketing their videotape series to consumers; the consumer packaging carried only the most obscure and tiny references to Fox and to Dastar. If in fact screen credits translated to store sales, one would expect Fox to display its name prominently on the videotapes it hopes consumers will buy. Since its own conduct casts doubt on the likelihood that screen credits translate into substantial later sales, Fox would seem to have lost no "goodwill" from Dastar's omission of its screen credit. There can be no confusion where consumers are "wholly indifferent." *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 353 (9th Cir. 1979).

iii. Third, Fox has not demonstrated that consumer confusion cost it any goodwill – because it has not demonstrated that attaching Fox's name to Dastar's product would have earned Fox any goodwill. To earn goodwill, the product must be at least as attractive as other Fox products. And Dastar's version of the videotapes – containing Dastar's own edits, rearrangements, and section introductions (using a narrator who was willing to do the whole job for $95) – could leave a less favorable impression on viewers than Fox's own products. Pet. App. B at 15a-16a, 19a. If so, the omission of Fox's name has not caused any confusion that could injure Fox.

2. Dastar is the "origin" of its videotape set; respondents are not

The second error at the heart of the *Montoro* doctrine is the vast new breadth it gives to the term "origin." 15 U.S.C. § 1125(a)(1) (2000). This case exemplifies the problem. Dastar's liability for using a "false designation of origin" was based both on the names it included in its videotape series – its own and its employees' – and on those it omitted – the names of the three respondents. Pet. App. B at 21a; Pet. App. C at 51a-53a. But Dastar and its staff had every

right to be treated as the origin of Dastar's videotape series. And respondents' claim to being the "origin" of Dastar's videotape series requires a reading of that term that is not only breathtaking in scope, but wrong to boot.

a. Dastar was the "origin" of its videotape series

We begin with Dastar's use of its own name and its employees' names. The inclusion of those credits in Dastar's videotape series was entirely consistent with the purposes of trademark law. The Lanham Act's prohibition on "false designation of origin" was expanded in the 1960s so that it did "not merely refer to geographical origin but also to origin of source of manufacture." *Federal-Mogul-Bower Bearings, Inc. v. Azoff*, 313 F.2d 405, 408 (6th Cir. 1963). Tying "origin" to "source" and "manufacture" also ties it to the Lanham Act's definition of a trademark: a word or name that is "used by a person . . . to identify and distinguish his or her goods . . . from those manufactured or sold by others and to indicate the source of the goods." 15 U.S.C. § 1127 (2000). By reading "origin" to include source of manufacture, the courts made section 43(a) an effective prohibition against passing off; anyone who misappropriated a trademark was liable for a false designation of origin – a "false description" concerning a good's "source of production." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 785 (1992) (Thomas, J., concurring in the judgment).[13]

13. *See Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 166 (1995) (trademark "act[s] as a symbol that distinguishes a firm's goods and identifies their source," 1 McCarthy, *supra*, §§ 3:1-3.2, 3.8-3.10 (trademark serves function of distinguishing source of goods); Richard L. Kirkpatrick, *Likelihood of Confusion in Trademark Law* § 1.4.A, at 1-17 (2001) ("A true mark indicates source. The 'source' controls the nature and quality of the product."). Cases predating the Lanham Act also focus on who manufactures or sells the product. *See Hanover Star Milling Co. v. Metcalf*, 240 U.S. 403, 412-13 (1916) ("The essence of the wrong consists in the sale of the goods of one manufacturer or vendor for those of another.").

On that understanding of the term, Dastar was plainly the origin of its videotape series. Dastar both manufactured and sold its videotape series and acted as the guarantor of its quality.[14] Under the Lanham Act it was entitled to attach its name to its goods to distinguish them "from those manufactured or sold by others and to indicate the source of the goods." 15 U.S.C. § 1127.

Nothing in trademark law requires Dastar to show either authorship or originality before it places its name on goods that it makes or sells. "[T]rademark has no necessary relation to invention or discovery." *The Trade-Mark Cases*, 100 U.S. at 94. "It is the province of patent law, not trademark law, to encourage invention by granting inventors a monopoly over new product designs or functions for a limited time. . . ." *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995); *see* 1 McCarthy, *supra*, § 6:3, at 6-6. No one views *Harper's Magazine* as a false designation simply because James and John Harper do not write its contents. Indeed, it is only in the *Montoro* world of mutant copyright law that the question even arises. In the world of real copyright law, it is plain that Dastar's name belongs on the videotape. Dastar's modification of the original television series meets the substantive standard for an independently copyrighted derivative work,[15] and the Copyright Act has long encouraged

14. Respondents did not – and could not – claim that a 40-year-old television series featuring archival war footage constituted distinctive trade dress. *See Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 213, 216 (2000); *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 34-35 (2001); *Comedy III Prods., Inc. v. New Line Cinema*, 200 F.3d 593, 595 (9th Cir. 2000) (finding no trademark protection in content of film that had entered the copyright public domain).

15. *See Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 348 (1991) (copyrightable expression requires "a minimal degree of creativity"); *Maljack Prods., Inc. v. UAV Corp.*, 964 F. Supp. 1416, (Cont'd)

copyright owners to put their names on copyrighted works. *See, e.g.*, 17 U.S.C. §§ 401(b)(3) & (d), 405(b), & 1202(b)-(c) (2000).

Respondents' own conduct rebuts their claim that Dastar may not put its name on videotapes that it manufactures and sells. After all, neither New Line nor SFM had anything to do with the original television series, and their principal – perhaps their only – editorial contribution to their videotape series was to add their names to it. Pet. App. B at 25a-26a; Pet App. C at 44a. That may make their complaint against Dastar hypocritical, but it does not make them guilty of a false designation of origin. SFM and New Line were in fact the makers and sellers of the videotape series, and they were as entitled as Dastar was to attach their trademarks to their product.

Finally, there was nothing about the way Dastar characterized itself that violates the Lanham Act. Phrases such as "Dastar Presents" and credits such as "executive producer" are not regulated by the Lanham Act. These phrases, if understood at all by consumers, are not understood as making a claim of exclusive authorship, as is shown by television productions like *Charlton Heston Presents the Bible*.[16] Nor do consumers view a "producer" credit as designating authorship; in fact, there appears to be an industry practice of awarding "producer" credit to a wide variety of

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1426-28 (C.D. Cal. 1997) ("panned and scanned" edited version of public domain movie constituted a copyrightable derivative work), *aff'd on other grounds*, 160 F.3d 1223 (9th Cir. 1998); *see generally* 1 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 3.03[A], at 3-12 (2002) ("In general, the applicable standard in determining the necessary *quantum* of originality is that of a 'distinguishable variation' that is more than 'merely trivial.'") (citations omitted).

16. *See* http://www.hestonbible.com (last visited on Feb. 12, 2003).

contributors, including "the star's bodyguard and the investor's wife." *See infra* p. 30.

b. Respondents were not the "origin" of Dastar's videotape series

If Dastar may not be held liable for including its own name on its videotape series, respondents can only prevail if Dastar was also obliged to acknowledge them as the "origin" of Dastar's videotape series. There are three reasons why no such obligation should be read into the Lanham Act. First, it will thrust the Lanham Act deep into judgments about creative contributions that are the proper province of copyright. Second, it will impose on courts an obligation to compose credits for collaborative works – a task that continues to baffle Hollywood professionals after decades of effort. And finally, the formless moral rights created by this definition of origin will supplant Congress's far more incremental approach to exactly the same issue.

i. First, "origin" cannot and should not be stretched to include respondents' roles in Dastar's videotape series. It is true that Dastar copied and modified "tapes of the *Crusade* television series," Pet. App. C at 45a, and that Fox played some role in the creation of the television series. But SFM and New Line had no role whatsoever in the original television series, so they cannot claim to be the origin of Dastar's product under any plausible definition of that term – unless SFM is basing its claim on being the first to come up with the idea of turning the old television series into a videotape. ER 270 n.18. But that pedestrian bit of originality surely cannot give SFM any legal claim against Dastar. If the Lanham Act gives SFM an intellectual property interest in the idea, such as it was, of turning a television show into a videotape, the Act would evade the fundamental copyright doctrine that ideas may not be copyrighted – and likely fall afoul of the Constitution. *Eldred v. Ashcroft*, 123 S. Ct. 769, 788-89 (2003).

That leaves Fox. But Fox's contribution to the television series was at best managerial. It obtained television rights to General Eisenhower's book and paid Time, Inc., to produce the television series. Pet. App. B at 25a. It claims without elaboration to have "participated in the creative process." ER 270 n.18; *see* Pet. App. B at 25a. The limited nature of its contribution is confirmed by the credits to its own videotape series in which Fox is mentioned only in a subordinate clause: "A March of Time Production By Arrangement with 20th Century Fox." Pet. App. C at 44a.

Fox's effort to portray itself as the "origin" of Dastar's videotape series turns on shifting the statutory meaning of "origin" away from the question of who placed the goods in the stream of commerce and toward the question of who created the original work. Under this definition of origin, the author of a work for copyright purposes is also the "origin" of any copies of the work for Lanham Act purposes. And those who copy or closely imitate the author's work must give some kind of credit to the original on every copy they make and sell.

But this proposition immediately and comprehensively blurs the line between trademark and copyright – between the goods themselves and whatever creativity went into the goods. In the past, that boundary has been recognized from both sides. The Copyright Act, which expressly distinguishes between a copyright and "any material object in which the work is embodied," concerns itself with protecting the underlying creative work of authorship. 17 U.S.C. § 202 (2000). Under the Lanham Act, in contrast, it is the goods that determine who may use a trademark – the person who "manufactured or sold" the goods is the "source of the goods" and may use a trademark to identify himself or herself. 15 U.S.C. § 1127 (2000).[17]

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17. *See Columbia Mill Co. v. Alcorn*, 150 U.S. 460, 463 (1893) (a trademark must be "adopted for the purpose of identifying the

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What's more, allowing the Lanham Act to cross that boundary – to protect authors or inventors from uncredited copying – will radically transform settled law. In fact, it would rewrite many of this Court's recent decisions. Under the *Montoro* notion of origin, for example, Wal-Mart would not have been vindicated two years ago; instead it would have been liable for selling "knockoff" copies of Samara Brothers' children's clothing – because the copies did not credit Samara Brothers as the "origin" of Wal-Mart's clothing. *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205 (2000). Similarly, Bonito Boats could have kept on suing competitors who used molds to duplicate Bonito's unpatented hulls – as long as Bonito sued to demand that their hulls identify Bonito as the "origin" of the copied design. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141 (1989). Feist Publications, too, would have found itself back in court, charged not with copying a phone book but with failing to provide an appropriate credit to Rural Telephone. *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340 (1991).[18] Allowing such suits would contradict this Court's

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origin or ownership of the article to which it is attached, or . . . must point distinctively . . . to the *origin*, *manufacture*, *or ownership* of the article on which it is stamped. It must be designed . . . to indicate the *owner or producer* of the commodity. . . .") (emphasis added); *see also supra* note 13 (citing cases).

18. This result would raise yet another constitutional concern, for it would set at naught this Court's decision to deny protection to "sweat of the brow":

> It may seem unfair that much of the fruit of the compiler's labor may be used by others without compensation. As Justice Brennan has correctly observed, however, this is not "some unforeseen byproduct of a statutory scheme." It is, rather, "the essence of copyright," and *a constitutional requirement.*

Feist, 499 U.S. at 349 (citations omitted, emphasis added).

"recognition that imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy." *Bonito Boats*, 489 U.S. at 146.

Remarkably, even expanding "origin" to include claims of intangible origination may not be enough to save Fox. Fox was not the only contributor to the original television series. Nor was it the most important. Time, not Fox, actually produced the television series, and Time's work in turn derives from a host of other sources, from General Eisenhower's book to public domain footage shot by the armed forces of several nations. Determining the origin of a collaborative and much-modified work is the judicial equivalent of searching for the source of the Nile. In that search, however, Fox is at best a minor tributary.

Fox therefore can prevail only if the Lanham Act treats as "false" any designation of origin that does not list everyone who contributed in any way to the prior work – not just the one true source of the Nile, but every stream in its drainage basin. At a minimum this would seem to include everyone who is credited in any fashion in the original work, plus anyone credited in later modifications. Such credit obligations will continue to accrete forever, with the credits growing longer every time the work is changed. *Waldman*, 43 F.3d at 785 n.8 (defendant must credit plaintiff as origin of defendant's work, but must also note that plaintiff in turn had rewritten an earlier work). Under that reading of the Lanham Act, anyone exercising the "federal right to 'copy and to use'" works in the public domain, *Bonito Boats*, 489 U.S. at 165, will be burdened by the need to track down every contributor, no matter how small or lacking in creativity its contribution may be, and then verify the accuracy and completeness of the resulting credits.[19]

19. Indeed, in this case, the tapes of the television series that Dastar purchased had no credits on them at all, so Dastar did not
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ii. Fox, in short, seeks to transform the Lanham Act into a "Truth in Screen Credits Act." But the experience of Hollywood professionals suggests that the truth will emerge, if at all, only after decades of federal litigation and judicial rulemaking. The federal courts will not be the first to tread this path. The Writers Guild of America has already made a valiant effort to bring order to screenwriting credits. It has negotiated twenty pages of rules for assigning a wide variety of credits, from "written by" to "based on characters created by," and "from a Saturday Evening Post Story by."[20] But its rulebook is just the beginning. The rules must be interpreted, and the WGA has been forced to create an entire system of "credit" arbitration to apply the rules. Disputes are common. In the four years between 1993 and 1997, over a third of all films submitted for writers' credits – 415 in all – ended up in arbitration.[21] And even this elaborate system has not kept disputes out of court.[22]

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know which parties might assert an "origin" claim. ER 1876-77. The district court concluded, however, that Dastar's failure to successfully search out a full list of credits was not an excuse. In fact, the court declared, it made Dastar's violation willful (and a basis for doubling the profits award): "[D]efendants had access to and used a book that identified Fox's association with the work. In addition, defendants were able to obtain a full list of the credits in January 1999. They could and should have done so prior to releasing *Campaigns* in 1995." Pet. App. B at 26a.

20. Writers Guild of America, 2001 Writers Guild of America—Alliance of Motion Picture & Television Producers Theatrical and Television Basic Agreement 500-520 (2001) (Television Schedule A—Television Credits, effective May 2, 2001 through May 1, 2004).

21. Robert W. Welkos, *Giving Credit Where It's Due*, Los Angeles Times, May 11, 1998, at 1.

22. *See Paquette v. Twentieth Century Fox Film Corp.*, 54 U.S.P.Q.2d 1286, 1288 (S.D.N.Y. 2000) (Writers Guild "created by" credit requires a supplemental "inspired by" credit).

Other entertainment guilds have also written collective bargaining agreements to govern credits. The rules, often quite specific, change from agreement to agreement and govern such details as "size and style of type; color, speed, and legibility; the maximum number of credits for a specific contribution; the wording of credits; and the relationship of one credit to another" 1 Thomas D. Selz *et al.*, *Entertainment Law: Legal Concepts and Business Practices* § 10.04, at 10-7 to 10-8 (2d ed. 2002).

When it comes to producer credits, there is an opposite problem: a complete lack of enforceable standards. As leading commentators note,

> [t]he problem of a limited variety of '*producer*' labels is compounded by a lack of clarity about what the producer of an entertainment venture does. There is a tendency to think that anything that anyone does to help finance, produce, or distribute a project is a producing function, entitling a person to some form of producer billing.

Id. § 12.07, at 12-16. This is exacerbated where the work "has a life that extends over a period of time . . . or in different media," because "[d]ifferent producers may make contributions . . . at different points in time, or for different . . . media," which "can then create producer credit difficulties" as to which credits are to be added or removed. *Id.* § 12:09, at 12-22.

Members of the Producers Guild of America have complained publicly about their predicament. One producer notes, "The producers credit has been reduced to a state of insignificance. Many pictures now boast as many as 12 various producer titles. The public doesn't understand or even care, the studios deplore it, and the real producers are

victimized. . . ."[23] Another bemoans "that the star's bodyguard and the investor's wife can encroach on the integrity of our hard-won credit."[24] *See also* Selz, *supra*, § 12.07, at 12-16 to -17.

Every one of the concerns raised by these professionals can, and eventually will, be restated as a Lanham Act claim if the lower courts' definition of "origin" is allowed to stand. It would be highly imprudent to adopt an understanding of origin that requires the courts to decide, case by case and credit by credit, whether the many contributors to a collaborative work have been adequately recognized.

iii. Adopting that definition would also undercut Congress's far more measured approach to the same issue. Congress has consistently refused to follow the path of those countries – mainly in continental Europe – that offer authors and artists a broad, inalienable "moral right" to be identified whenever their works are displayed or published. Instead, Congress has moved in that direction haltingly, one small step at a time. In 1988, for example, Congress experimented with a law allowing the creators of a limited number of highly significant films to insist that any materially altered version of those films include a prominent label declaring that the creators did not consent to the modifications.[25] This experiment was not a success, and Congress repealed it four years later.[26]

23. Producers Guild of America, *Produced By Online*, at http://www.producersguild.org/pg/producedby/prod_rights.asp (quoting Robert Rehme, executive producer of *Lost in Space* and *Bless the Child)* (last visited Feb. 11, 2003).

24. *Id.* (quoting Peter Samuelson, producer of *Arlington Road* and *The Gathering*).

25. National Film Preservation Act of 1988, Pub. L. No. 100-446, 102 Stat. 1782 (1988) (repealed), *discussed in* 2 U.S.C. §§ 178 n. *et seq*.

26. *See* Pub. L. No. 102-307, 106 Stat. 264 (1992); *see also* 137 Cong. Rec. 34,801, 34,802 (1991) (statement of Rep. Moorhead).

In 1990, however, Congress took a somewhat larger step, amending the Copyright Act to give visual artists the right to be credited as the originator of certain original paintings, drawings, sculptures, and the like. But Congress carefully limited the scope of this new right. It specifically excluded movies, for example, and even *copies* of otherwise covered works.[27]

Even more recently, in 1998, Congress prohibited the unauthorized removal or alteration of "the name of, and other identifying information about, a writer, performer, or director who is credited in the audiovisual work."[28] But once again the right of attribution was carefully limited – to protecting the "integrity of copyright management information" and to prohibiting conduct that would facilitate or conceal copyright infringement.[29] What is most significant for this case, of course, is that at no time in this long history of legislative initiatives did Congress seek to protect the moral rights of producers, "arrangers," distributors, companies that "participated in the creative process," or anyone else resembling the respondents in this case.

In short, Congress has not been slothful in modifying *copyright* law to make sure that talent gets the credit it deserves. It is both unnecessary and disruptive for the courts to compete with Congress by refashioning the Lanham Act's definition of "origin" to create a separate and much more open-ended regime of moral rights.

27. Visual Artists Rights Act of 1990, tit. VI, Pub. L. No. 101-650, 104 Stat. 5089, 5128 (Dec. 1, 1990); *see* 17 U.S.C. § 101, ¶¶ (1) & (A)(i) (2000) (definition of "work of visual art"); *see also Quality King Distribs., Inc. v. L'Anza Research Int'l*, 523 U.S. 135, 149 n.21 (1998) (VARA is "analogous to Article 6*bis* of the Berne Convention . . . but its coverage is more limited").

28. Digital Millennium Copyright Act, 17 U.S.C. § 1202(b) & (c)(5) (2000).

29. 17 U.S.C. § 1202(b).

3. Dastar did not make a "false designation"

Even if respondents had a good claim to be the origin of Dastar's videotape series, leaving their names off the product was not a "false designation" under the Lanham Act. To hold otherwise would create an inescapable Catch-22, would ignore Congress's decision not to punish omissions under the Lanham Act, and would run counter to this Court's first amendment jurisprudence.

i. The best reason for companies like Dastar to omit references to earlier contributors is not a desire to fool the public; rather, it is that almost any effort to acknowledge those predecessors will give rise to a different sort of Lanham Act claim – one far better grounded in law than "reverse" passing off.

The credits that the lower courts said were omitted consist of two screens in the Fox videotape series that display the New Line and SFM logos without additional information, plus the phrase "By Arrangement with 20th Century Fox." But Dastar could not have simply added those logos or that phrase to its own series. If it had, it would have been accused – with some force – of old-fashioned passing off, i.e., of using "in commerce any word [or] name . . . which . . . is likely to cause confusion . . . as to the . . . sponsorship, or approval of his or her goods . . . by another person." 15 U.S.C. § 1125(a)(1)(A). SFM and New Line would have objected that the use of their logos suggests that they sponsored or approved Dastar's videotapes,[30] while Fox could have objected that it had no "arrangement" with Dastar and that its reputation was being tarnished by association with a

30. *See, e.g., Nintendo of Am., Inc. v. Dragon Pac. Int'l*, 40 F.3d 1007, 1001 (9th Cir. 1994); *Sega Enters. Ltd. v. MAPHIA*, 948 F. Supp. 923, 938 (N.D. Cal. 1996); *Radio Today, Inc. v. Westwood One, Inc.*, 684 F. Supp. 68, 73-74 (S.D.N.Y. 1988); *Presley's Estate v. Russen*, 513 F. Supp. 1339, 1366, 1377-78 (D.N.J. 1981).

"mutilated" version of the old television series.[31] Lawsuits raising precisely such "sponsorship" objections are all too common.[32]

In theory, of course, Dastar could have created a new screen that identified the "origin" role played by respondents while at the same time disclaiming any sponsorship or approval by these parties. In practice, however, there is no way to draft such a disclaimer with any confidence, for a hostile competitor like Fox can always find fault after the fact with whatever Dastar says. Fox can object that the credit is too short and simple to do full justice to its originating role, or that the credit is too complicated for viewers to understand. It can complain that the credit is more prominent than the disclaimer, and so gives too great an impression of sponsorship,[33] or it can object that the disclaimer is as

31. *See, e.g., Gilliam v. Am. Broad. Cos.*, 538 F.2d 14, 23-25 (2d Cir. 1976) (ABC's broadcast of a "mutilated" version of Monty Python violates Lanham Act); *MxPx Global Enters. LLC v. Tooth & Nail Record Co.*, 60 U.S.P.Q.2d 1211, 1213 (M.D. Tenn. 2001) (granting preliminary injunction where defendant's release of album containing materially altered songs would suggest approval by plaintiff rock band); *Benson v. Paul Winley Record Sales Corp.*, 452 F. Supp. 516, 517-18 (S.D.N.Y. 1978) (granting preliminary injunction when George Benson's former work as a jazz combo player was overdubbed, repackaged, and sold as if he were the principal performer).

32. *See generally* Jim Jubinsky, Note, *Copyright and Trademark: Are They Too Substantially Similar for Literary Works?*, 5 Tex. Intell. Prop. L.J. 389, 400 (1997) ("[D]efendants are placed in a 'catch twenty-two' situation when it comes to attribution. . . . [I]f the defendant does credit an author and the author does not like it, or does not appreciate having his name associated with the work, the original author could still claim a false designation of origin.").

33. *See King v. Innovation Books*, 976 F.2d 824, 830-31 (2d Cir. 1992) (affirming injunction against use of "possessory" credit

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prominent as the credit, and thus hides Fox's vital contribution in a sea of legalese.[34] And, of course, whatever is said about Fox's role must also satisfy the parties who preceded Fox – Time, Doubleday, Gen. Eisenhower, and the like.[35] But obtaining the consent of these parties in advance is highly unlikely; certainly Fox has not the slightest incentive to offer an agreement that will let a competitor into the field. As this Court has already recognized in the context of section 43(a), "[c]ompetition is deterred . . . not merely by successful suit but by the plausible threat of successful suit." *Wal-Mart Stores*, 529 U.S. at 214. In these circumstances, Dastar's only practical choice was the one it made: leaving the credits out.[36]

ii. This is an option deliberately preserved by Congress in 1988. In enacting the Trademark Law Revision Act

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but not "based upon credit" for short-story author in movie); *see also Univ. of Ga. Athletic Ass'n v. Laite*, 756 F.2d 1535, 1547 (11th Cir. 1985) (relatively inconspicuous disclaimer will not prevent confusion); *Cartier, Inc. v. Deziner Wholesale, L.L.C.*, 55 U.S.P.Q.2d 1131, 1134 (S.D.N.Y. 2000) (defendant's use of "CARTIER" on sunglass boxes enjoined because disclaimer was in much smaller letters).

34. *Cf. E. & J. Gallo Winery v. Gallo Cattle Co.*, 12 U.S.P.Q.2d 1657, 1670 (E.D. Cal. 1989) (disclaimer increased the likelihood of confusion because "[l]abels for low-involvement products like cheese, salami and wine often are not read with great care."), *aff'd*, 955 F.2d 1327 (9th Cir.), *amended*, 967 F.2d 1280 (9th Cir. 1992); *Paramount Pictures Corp. v. Worldwide Entm't Corp.*, 195 U.S.P.Q. 539, 541, 542 (S.D.N.Y. 1977) (prominent "disclaimer" held to increase, not decrease, likelihood of confusion).

35. *Waldman Publ'g Corp. v. Landoll, Inc.*, 43 F.3d 775, 785 n.8 (2d Cir. 1994).

36. *See Neal v. Thomas Organ Co.*, 241 F. Supp. 1020, 1023 (S.D. Cal. 1965) (rejecting Lanham Act claim because "the deletion [of plaintiff's name] revealed an intent on the part of defendant not to engage in the recognized areas of unfair competition under federal law, *i.e.*, 'palming off' and 'secondary meaning'").

of 1988, Congress considered and rejected a proposal to expand section 43(a) to prohibit any "omission of material information."[37] The suggestion was rejected because it "raised difficult questions [of] freedom of speech."[38] Representative Kastenmeier, the subcommittee chairman responsible for the measure, made clear that, to avoid constitutional difficulties, the newly amended section 43(a) "will extend only to false and misleading statements of fact. Gertz v. Robert Welch, Inc. 418 US 323, 339-40 (1974)." 134 Cong. Rec. 31,851 (1988). When Congress takes seriously its independent obligation to protect the Constitution and its values, courts should give broad effect to its guidance. Because Dastar's omission of respondents'

37. United States Trademark Association Trademark Review Commission Report and Recommendations to USTA President and Board of Directors, 77 Trademark Rep. 375, 435 (1987). In USTA's proposal, and in the bills originally introduced in both the House and the Senate, "false designation of origin" and "omission of material information" were both barred by the same subsection of the Lanham Act. *See* S. Rep. No. 100-515, at 41 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5557, 5603-04.

38. [Trademark] laws often raise difficult questions about freedom of speech. During the course of our consideration of this legislation, those difficult issues were raised and sometimes hotly contested. I am pleased to say that the bill resolves those issues satisfactorily, and that our important constitutional freedoms have been preserved. The provisions on dilution, material omissions, and tarnishment and disparagement that were originally proposed have been deleted. . . .

134 Cong. Rec. 31,850 (1988) (statement of Rep. Kastenmeier). The Senate too attributed the deletion of the provision to "concerns that it could be misread to require that all facts material to a consumer's decision to purchase a good or service be contained in each advertisement." S. Rep. No. 100-515, at 41, *reprinted in* 1988 U.S.C.C.A.N. at 5603.

names is not a "false or misleading statement of fact," *id.*, it cannot be the basis for Lanham Act liability.

iii. The Constitution itself points to the same conclusion. If the Lanham Act is to compel Dastar to speak about the contributions that went into Dastar's videotape series, it must do so in a fashion narrowly tailored to important interests and must "not burden substantially more speech than necessary to further those interests." *Turner Broad. Sys., Inc. v. FCC*, 520 U.S. 180, 189 (1997); *see also Wooley v. Maynard*, 430 U.S. 705, 714 (1977). In identifying the government's interest, it is not enough to summon up consumer protection in the abstract, *United States v. United Foods, Inc.*, 533 U.S. 405, 416 (2001), particularly when the credits hold little interest for most consumers[39] and the statute is enforced principally by competitors.[40]

At the same time, the burden on Dastar's speech is substantial. Dastar would be protected by the first amendment if it purchased a newspaper ad to publicize its view that respondents are a gaggle of uncreative hacks whose "origin"

39. "[C]onsumer curiosity alone is not a strong enough state interest to sustain the compulsion of even an accurate, factual statement . . . . Were consumer interest alone sufficient, there is no end to the information that states could require manufacturers to disclose . . . ." *Int'l Dairy Foods Ass'n v. Amestoy*, 92 F.3d 67, 74 (2d Cir. 1996).

40. *See, e.g.*, 4 McCarthy, *supra*, §§ 27:20-22, at 27-37 to -39 ("[c]ourts have generally held that customers do not have standing to sue under § 43(a)," and "to have standing, a non-owner must have some cognizable interest in the allegedly infringed trademark," even if it is "not in direct competition with defendant"); *Conte Bros. Auto., Inc. v. Quaker State-Slick 50, Inc.*, 165 F.3d 221, 234 (3d Cir. 1998) (retailers did not have standing to sue under section 43(a) for false advertising by manufacturer of competing products because they did not suffer a "competitive harm"); *Halicki v. United Artists Communications, Inc.*, 812 F.2d 1213, 1214 (9th Cir. 1986) (film producer had no standing to sue theaters for false advertising of a film's rating).

claim is based entirely on their ability to write checks, mainly to lawyers. *New York Times Co. v. Sullivan*, 376 U.S. 254, 266 (1964). If it expresses the same views in a videotape that it has produced, however, it is subject to double damages and attorneys' fees if after suit the court takes a more generous view of respondents' contributions.

Given the consequences of being forced to speak on this topic, Dastar's interest in remaining silent is surely as great as the interest of a mushroom producer in not extolling mushrooms generically. *Cf. United Foods*, 533 U.S. at 411. In light of the bind the *Montoro* doctrine puts a competitor like Dastar in, "the game of allowing suit . . . seems to us not worth the candle," particularly when appropriate recognition for bona fide creative contributions is already provided by the copyright laws. *Wal-Mart Stores*, 529 U.S. at 214.

4. Dastar did not suggest that its videotapes had their "origin . . . by another person"

Finally, one further aspect of the 1988 amendments is fatal to respondents' claim. As already described, *see supra* note 38, Congress's discussion of section 43(a) was dominated by concern that expanding its scope would trench on first amendment interests.

One solution was to foreclose causes of action that lent themselves to first amendment abuses – such as "material omissions." This Congress did. But one other proposal also occupied the drafters of section 43(a) – whether and when to allow suits for misrepresentations made about someone else's products:

> Subsection (a) currently covers false designations of origin and false descriptions or

> representations with regard to a person's own products. It has been held, however, that Section 43(a) does not cover such statements with regard to the products of another. To rectify this situation, it was proposed to add the words "or another person's" to section 43(a).

134 Cong. Rec. 31,851 (1988) (statement of Rep. Kastenmeier) (citations omitted). Congress was not prepared to jettison this proposal entirely, but it recognized that "the proposal . . . raised the issue of commercial defamation in the context of section 43(a) and, as a result, a host of constitutional problems." *Id.* The House and Senate Judiciary Committee negotiators who produced the final version of the 1988 amendments thus focused their attention squarely on the question of when statements about someone else's products should give rise to liability under section 43(a).

The solution they adopted sounded the death knell for "reverse" passing off. As revised in 1988, section 43(a)(1) has two subsections. Subsection (A) imposes broad responsibility on companies for the things they say about their own products, including things they say about any sponsorship or approval of their goods by another person. But representations about "another person's goods" are governed by subsection (B), which is limited to "commercial advertising or promotion." In broad outline, then, the drafters sought to foster free speech by preventing companies from suing for misrepresentations about their products, except in the context of comparative advertising.

This principle was also applied to designations of origin. As amended, subsection (A) prohibits a false designation of origin only if the person making the designation has caused a likelihood of confusion "as to the *origin*, sponsorship, or approval *of his or her goods*, services, or commercial

activities *by another person*." 15 U.S.C. § 1125(a)(1)(A) (emphasis added).

The language of subsection (A) poses no difficulty for an ordinary passing off claim, where the seller is trying to confuse consumers into believing that the actual "origin" of "his or her goods" – i.e., the low quality Brand X goods being passed off under the Rolex name – is in fact "by another person" – such as Rolex. In that case, the seller is saying something about his or her own goods and is subject to (A). But in a reverse passing off case, where the goods are actually sold under the Brand X name, the seller is not causing confusion about whether "his or her goods" were originated "by another person." Instead, for whatever reason, the seller wants consumers to believe that the *seller* is the "origin . . . of his or her goods."[41] Thus, "reverse" passing off is no longer covered by subsection (A). Nor is it covered by subsection (B), which "has been carefully limited to commercial advertising and promotion," 134 Cong. Rec. 31,850 (1988) (statement of Rep. Kastenmeier), and which "is narrowly drafted to encompass only clearly false and misleading commercial speech." *Id* at 31,852.[42]

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41. *See* John T. Cross, *Giving Credit Where Credit Is Due: Revisiting the Doctrine of Reverse Passing Off in Trademark Law*, 72 Wash. L. Rev. 709, 740 (1997) ("A defendant who engages in reverse passing off in no way suggests that . . . its product originates from or is sponsored or approved by plaintiff. . . . Because of the explicit statutory restrictions, reverse passing off does not fit within section 43(a)(1)(A)."); Randolph Stuart Sergent, *Building Reputational Capital: The Right of Attribution Under Section 43 of the Lanham Act*, 19 Colum.-VLA J.L. & Arts 45, 49 n.20 (1995).

42. Rep. Kastenmeier provided what seems to be the only detailed description of the unusual "negotiations in lieu of a conference" that produced the 1988 amendments in the waning days of the session.

The effect of the 1988 amendments is thus to eliminate the cause of action for "reverse" passing off. It is not clear whether Congress expressly considered the effect of the 1988 language on the cause of action. But it is clear that Congress expressly adopted a broad rule that limits the power of big companies to bring suit to challenge what they consider misrepresentations about their products. That is precisely the kind of suit that respondents have brought, and precisely the kind Congress sought to restrict.

II. THE LANHAM ACT DOES NOT PERMIT THE AWARD OF TWICE DEFENDANT'S PROFITS FOR PURELY DETERRENT PURPOSES

The district court made an award on the Lanham Act count that was double the entire profit earned by Dastar on its videotape series. Pet. App. B at 27a. The award was based on the court's conclusion that Dastar's conduct was "willful for purposes of the Lanham Act" because Dastar "could have easily discovered who was responsible" for the original and "should have done so" before releasing its videotape series. Pet. App. B. at 26a. Based on this "could have . . . should have" concept of willfulness, the district court also doubled the award. The court of appeals affirmed, concluding that the lower court did so "in order to deter future infringing conduct by Dastar – a permissible ground under the Lanham Act." Pet. App. A at 4a.

The circuits are divided on two questions raised by this award: first, whether a disgorgement of profits can be ordered under the Lanham Act for the non-compensatory purposes of punishing willful misconduct and deterring future misconduct by the defendant;[43] and second, whether a

43. *Compare ALPO Petfoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958, 969 (D.C. Cir. 1990) (compensation only), *with George Basch Co. v. Blue Coral, Inc.*, 968 F.2d 1532, 1537 (2d Cir. 1992) (Cont'd)

Lanham Act monetary award can be enhanced for the same reasons.[44] We address each question in turn.

A. A Profits Award Is Barred by the Principles of Equity

This is a case of reverse passing off. That bears repeating because it means that not a single one of the stores that ordered Dastar's videotape series – and not a single one of the customers that purchased it – had the slightest reason to think that respondents were associated in any way with Dastar's product.[45] But if this is so, what possible connection can there be between Dastar's profits and the harm it is accused of having caused? Dastar would have sold just as many videotapes if it had credited respondents in all of its videotapes.[46]

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("willfulness expressly defines the third rationale (deterrence)" for an accounting of profits), *and Gracie v. Gracie*, 217 F.3d 1060, 1068 (9th Cir. 2000) (willfulness is sufficient for awarding profits).

44. *Compare Jurgens v. McKasy*, 927 F.2d 1552, 1564 (Fed. Cir. 1991) ("the district judge may increase damages, 'providing it does not award such relief as a penalty'") (quoting *Metric & Multistandard Components Corp. v. Metric's, Inc.*, 635 F.2d 710, 715 (8th Cir. 1980)), *with Gorenstein Enters., Inc. v. Quality Care-USA, Inc.*, 874 F.2d 431, 436 (7th Cir. 1989) (enhancement provisions "are properly invoked when . . . the infringement is deliberate").

45. The retailers who bought Dastar's videotape series did not even choose a particular product, let alone ask who might have produced or "arranged" it. The undisputed testimony in this regard was that defendants' customers – "warehouse clubs, mail-order companies and retailers" – simply ordered the desired numbers of video sets and let Dastar fill the orders with video sets of its own choosing. Pet. App. B at 19a; JA 265a.

46. [I]n a case of reverse passing off . . . defendant's acts do not deprive plaintiff of any immediate sales which (Cont'd)

This is in stark contrast to a case of ordinary passing off. If Brand X watches are sold with a prominent Rolex label, every sale is made to someone who wants to buy a Rolex. In that case, unlike this one, Brand X's profits come directly at Rolex's expense, and it is entirely equitable to force Brand X to disgorge them.

Under the Lanham Act, equity is the touchstone for deciding whether to award profits. Section 35 requires that all monetary awards be "subject to the principles of equity." 15 U.S.C. § 1117(a). And equitable remedies such as disgorgement of profits must have an essentially compensatory – as opposed to punitive – character. *See Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340, 352-53 (1998) (distinguishing "equitable . . . actions for disgorgement of improper profits" from "[r]emedies intended to punish culpable individuals [which] were issued by courts of law, not courts of equity").

This Court made precisely the same point while the Lanham Act was under consideration. In *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390 (1940), the question was whether a copyright infringer could be ordered to pay over its profits from an infringing film or only that portion of the profits earned from its infringement. *Id.* at 396. The Court held that a profits award is limited to the harm caused by the infringement; profits are to be awarded "in accordance with the principles governing equity

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> it could otherwise expect to make. In fact, if defendant had correctly named plaintiff as the source, it is entirely likely that defendant would have diverted more sales from plaintiff than it did by selling the product under its own name. Therefore, giving plaintiff a right to recover the profits from defendant's sales is not an appropriate measure of plaintiff's loss.

Cross, *supra*, at 768-69 (footnote omitted).

jurisdiction, not to inflict punishment but to prevent an unjust enrichment by allowing injured complainants to claim 'that which, *ex æquo et bono*, is theirs, and nothing beyond this.'" *Id.* at 399 (citation omitted). Even a willful infringement did not change the Court's view about the limits of equitable relief:

> Petitioners stress the point that respondents have been found guilty of deliberate plagiarism, but we perceive no ground for saying that in awarding profits to the copyright proprietor as a means of compensation, the court may make an award of profits which have been shown not to be due to the infringement. That would be not to do equity but to inflict an unauthorized penalty.

Id. at 405.

It was only a year after this plain statement of what principles of equity mean for an award of profits that the "principles of equity" clause was recommended to Representative Lanham by Prof. Milton Handler. *Trademarks Hearings on H.R. 102, H.R. 5461 and S. 895 Before the Subcomm. on Trademarks of the House Comm. on Patents*, 77th Cong. 228 (1941) ("1941 Hearings"). "[I]t seems clear," Handler wrote, "that the normal principles of equity in respect of allowance of and defenses to an accounting of profits and the recovery of damages are not affected by this bill." *Id.* at 228. Handler recommended inserting "according to the principles of equity" in the first sentence of what became section 35 "to effectuate the intentions of the draftsmen." *Id.*; *see also Getty Petroleum Corp. v. Bartco Petroleum Corp.*, 858 F.2d 103, 111 (2d Cir. 1988).

If the clause means anything, therefore, it means that the Lanham Act does not authorize a non-compensatory award of profits – not even to punish "deliberate plagiarism." *Sheldon*, 309 U.S. at 405. A profits award must be grounded

in a finding that the defendant's profits in fact belong to the plaintiff.[47]

Applying these "principles of equity" to the present case can lead to only one result. The award of Dastar's profits did not give respondents "that which, *ex æquo et bono*, is theirs, and nothing beyond this." *Sheldon*, 309 U.S. at 399 (citation omitted). On the contrary, Dastar's profits were earned from sales that did not benefit in any way from respondents' reputation or trademarks, and there is no basis for concluding that the award of profits was "designed to make the plaintiff whole for losses which the infringer has caused by taking what did not belong to him."[48] *Mishawaka Rubber & Wollen Mfg. Co. v. S.S. Kresge Co.*, 316 U.S. 203, 206 (1942). It was instead an "unauthorized penalty." *Sheldon*, 309 U.S. at 405.

B. The Enhanced Profits Award Was a Penalty and Not Compensation

The courts below compounded their error by doubling the profits award – again without any compensatory basis or purpose. The enhancement provision is of course subject to the same "principles of equity" provision as the base award of profits. *Getty Petroleum*, 858 F.2d at 111. But it is also subject to an even more direct limit. Immediately after granting courts

47. There is no basis for the courts to create an additional remedy that does not have a compensatory basis. *See Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714, 719-21 (1967) (denying attorneys fees under the Lanham Act because "[a] judicially created compensatory remedy in addition to the express statutory remedies is inappropriate").

48. The district court's findings are at best contradictory. Although the court made general findings that plaintiffs lost "valuable goodwill" and "sales," these losses were not calculated and were not related to Dastar's profits. And in addressing the copyright claim elsewhere in its decision, the district court attributed *all* of Dastar's profits to its use of literary material from General Eisenhower's book. Pet. App. 23a.

the unusual authority to enhance awards of both damages and profits, the Lanham Act declares that the resulting awards must be compensatory, not punitive: "Such sum in either of the above circumstances shall constitute compensation and not a penalty." 15 U.S.C. § 1117(a) (2000).

1. This provision cannot be ignored as surplusage. *Duncan v. Walker*, 533 U.S. 167, 174 (2001). Read in a straightforward way, it represents a congressional instruction to courts to use the enhancement authority only for purposes of compensation, and not for purposes of penalizing bad behavior. At the time the Lanham Act was enacted, as is true today, there was no lack of penalties for fraud, including civil and criminal sanctions under other laws.[49] There was no need to give companies the power to punish their competitors – as opposed to the right to receive compensation for their injuries.

The history of the "compensation and not a penalty" provision simply reinforces its straightforward meaning. The clause is borrowed from the Copyright Act of 1909, which had a similar provision.[50] In 1935, while the Lanham Act was

49. *See, e.g.*, Federal Trade Commission Act, 15 U.S.C. § 45(a)(1), (*l*)-(m) (2000); Thomas J. Holdych, *Standards for Establishing Deceptive Conduct Under State Deceptive Trade Practices Statutes That Impose Punitive Remedies*, 73 Or. L. Rev. 235, 236 n.4 (1994) (noting that "[m]ost jurisdictions provide for punitive relief in actions by public enforcing agencies," as well as civil penalties for violating injunctions against deceptive behavior, and some provide for criminal punishment for such behavior); 37 C.J.S. *Fraud* § 96, at 298-99 (1997) ("Statutes and ordinances have frequently been directed toward the punishment of fraud," and "[a] criminal conviction for fraud does not require that the victim suffer a pecuniary loss").

50. An Act to Amend and Consolidate the Acts Respecting Copyright, ch. 320, § 25 (1909); *see Getty Petroleum*, 858 F.2d at 110; James M. Koelemay, Jr., *Monetary Relief for Trademark Infringement Under the Lanham Act*, 72 Trademark Rep. 458, 523 (1983) ("The legislative history leaves no doubt that the 'not a penalty' clause in Section 35 derived from the copyright laws. . . .").

under consideration, this Court construed the Copyright Act version of the clause and concluded, not surprisingly, that it allowed an award of minimum damages when the award was grounded in compensation – that is, an award that gave the plaintiff "some recompense for injury done him, in a case where the rules of law render difficult or impossible proof of damages or discovery of profits." *Douglas v. Cunningham*, 294 U.S. 207, 209 (1935). The clause construed in *Douglas* was in turn inspired by *Brady v. Daly*, 175 U.S. 148 (1899). In *Brady*, this Court held that a copyright award was not a penalty even though the law fixed a minimum award for each infringing performance of a play. Minimum damages are essentially compensatory, said *Brady*, because they are a practical response to the problem of measuring damages in certain circumstances:

> Although punishment, in a certain and very limited sense, may be the result of the statute before us so far as the wrongdoer is concerned, yet we think it clear such is not its chief purpose, which is the award of damages to the party who had sustained them, and the minimum amount appears to us to have been fixed because of the inherent difficulty of always proving by satisfactory evidence what the amount is which has been actually sustained.

Brady, 175 U.S. at 157.

These precedents heavily influenced the drafters of the Lanham Act as it made its extraordinary, quarter-century-long journey to enactment. But the Act's proponents had their own reasons to emphasize compensation as a limit on Lanham Act relief. Edward Rogers, who led the effort to enact a new trademark law,[51] noted with frustration that his efforts were often stymied by fears that the bill would allow anti-competitive abuses:

> Whenever there was a hearing before any committee on the trade-mark bill, sooner or later there appeared

51. *See Getty Petroleum*, 858 F.2d at 109; 1 McCarthy, *supra*, § 5:4, at 5-10.

> zealous men from the Department of Justice who . . . asserted that trade-marks are monopolistic and any statutory protection of them plays into the hands of big business and should be discouraged.

Edward S. Rogers, *The Lanham Act and the Social Function of Trade-Marks*, 14 L. & Contemp. Probs. 173, 183 (Spring 1949). Among the fears raised by these "zealous men" was the risk that the threat of litigation would deter smaller competitors. Discussing a provision other than section 35, one Justice Department official expressed concerned that "[a]s in other parts of the bill, the possibility that a competitor will be faced with a lawsuit . . . is sufficient, particularly if the competitor is a small man, to keep him out of the field." *Hearing on H.R. 82 Before a Subcommittee of the Senate Committee on Patents*, 78th Cong., at 71-72 (1944).

It was therefore in the interest of the Act's proponents, as well as of its opponents, to offer safeguards against excessive awards in suits between competitors, and this theme was sounded regularly by Edward Rogers. For example, when concern was expressed in the 1941 hearings that the enhancement authority might be used for non-compensatory purposes, Rogers emphasized that the enhancement provision was simply to remedy problems of proof: if the amount that could be proven was inadequate, "a reasonable sum in the way of ordinary damages ought to be awarded." 1941 Hearings at 203. Reacting to the idea that a plaintiff might receive as enhanced profits an amount "not exceeding defendant's total sales," Rogers stated, "You are going to have a penalty there, and you do not want to do it." *Id.*[52]

52. In the 1925 hearings on an early draft of the Act, Rogers also stated:

> [A]nything more than proper compensation, an artificial increase, is in the nature of a penalty. So it seemed to us better to give the court discretion to award the damages

(Cont'd)

2. Faced with such straightforward legislative language and consistent legislative history, courts seeking to impose penalties under the Lanham Act simply change the subject. They imply, as did the lower courts here, that an enhanced award is not a penalty if it is designed to deter future misconduct or is made because the defendant's conduct was willful. In fact, the point of a penalty is to deter the willful, and it is nearly impossible to find a discussion of punitive damages awards that does not link penalties to that goal. *See, e.g., Gertz v. Robert Welch, Inc.*, 418 U.S. 323, 350 (1974) (punitive damages are levied "to punish reprehensible conduct and to deter its future occurrence"); Restatement (Second) of Torts § 908(1) (1979) ("Punitive damages are . . . awarded against a person to punish him . . . and to deter him and others like him from similar conduct in the future."). In any event, avoiding a penalty is only half of Congress's admonition. An enhanced award must be "compensation" as well as "not a penalty." And there is nothing compensatory about an award made solely to deter, as this case shows.

3. If there were any remaining doubts about what the clause requires, they were answered in 1984, when Congress modified the Lanham Act's remedies provision – precisely because it believed that awards could not be made under the Act if they constituted non-compensatory penalties. To authorize *punitive* treble damages awards against trademark counterfeiters, Congress added a separate provision to the remedies section, 15 U.S.C. § 1117(b) (2000), and explained the need for the change this way:

> [Punitive] awards will significantly deter those who might otherwise engage in this fraudulent enterprise.

(Cont'd)

> which under all the circumstances of the case seemed to be just, rather than arbitrarily fix treble damages [as had been done in the 1905 Trademark Act]. . . .

Hearings on S. 2679 Before the Joint Committees on Patents, 68th Cong., at 151-52 (1925).

> As noted earlier, courts may in their discretion grant treble damages in any trademark infringement case. However, the statutory grant of authority to award such damages, 15 U.S.C. 1117, provides that treble damages "shall constitute compensation and not a penalty." This proviso is out of place in the context of commercial trafficking in known counterfeits, in which a financial penalty is entirely appropriate. . . . By taking the profit out of this lawless behavior, the Committee believes that the bill will offer a potent deterrent to counterfeiting.

S. Rep. No. 98-526, at 6 (1984), *reprinted in* 1984 U.S.C.C.A.N. 3627, 3632.

This passage, linking the "penalty" of multiplied awards to their "deterrent" impact, demonstrates Congress's view that only by amendment could such awards be authorized – that punitive and deterrent awards under the prior provision were barred by the "compensation and not a penalty" provision.[53] *See Food & Drug Admin. v. Brown & Williamson Tobacco Corp.*, 529 U.S. 120, 133 (2000); *Andrus v. Shell Oil Co.*, 446 U.S. 657, 666 (1980); *see also Louis Vuitton S.A. v. Spencer Handbags Corp.*, 765 F.2d 966, 971, 972 (2d Cir. 1985) (in 1984 amendment, "Congress intended . . . to penalize known counterfeiters, thereby deterring others," in contrast to earlier remedies, which were "intended only to compensate victims of trademark violators.").

4. In short, monetary awards may be increased in non-counterfeiting cases under the Lanham Act only if there is evidence that, without enhancement, the award would not compensate for the full amount of harm suffered by the plaintiff. The need for such a provision is obvious when the defendant is a shady business engaged in passing off, and the profits shown

53. *See also Joint Statement on Trademark Counterfeiting Legislation*, H.R. J. Res. 648, 98th Cong., 130 Cong. Rec. 31,673, 31,680 (1984).

on its books could easily be understated. In the present case, however, there was no evidence that respondents suffered from undercompensation caused by difficulties of proof. Quite the contrary, it was Dastar that suffered from difficulties of proof on this point. Dastar offered evidence that its total expenses in making and selling the videotape series were $467,000, not the $91,000 adopted by the district court. ER 2362; Pet. App. B at 23a. This offering, which suggested that Dastar's actual profits were less than half the court-awarded $784,000, was rejected by the district court because it had not been sufficiently supported by the time discovery closed. Pet. App. B at 23a. In short, if anyone faced "difficulties of proof" on the question of profits, it was Dastar, not respondents.

More fundamentally, however, there is simply no reason to believe that Dastar's profits have anything to do with any harm Fox may have suffered. Dastar's sales were not made at Fox's expense or by exploiting Fox's name.

There is thus no compensatory basis for awarding any of Dastar's profits to Fox, let alone a multiple of those profits. The courts below tacitly acknowledged as much; they made no effort to identify a compensatory rationale for the enhanced award. Instead, they relied entirely on deterrence as the award's justification. Because that justification cannot be squared with the statute, the award should be reversed.

CONCLUSION

The judgment of the court of appeals should be reversed.

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DASTAR CORPORATION,
Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT LLC, AND NEW LINE HOME VIDEO, INC.,
Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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STATEMENT OF THE CASE

This case is about commercial misrepresentations of a fundamental order. Petitioner Dastar Corp. ("Dastar") sold a video documentary using the false representation that the video was a new creative work produced entirely by Dastar. In truth, the product was a nearly exact copy of a documentary series produced and marketed by respondent Twentieth Century Fox Film Corporation ("Fox") and others, retitled and repackaged to look like a new, Dastar-only production. Respondents filed an action under § 43(a) of the Lanham Act, alleging that Dastar's misrepresentations had confused consumers and inflicted competitive injuries on respondents. Respondents prevailed and were awarded twice the amount Dastar profited by selling respondents' production under the false pretense that it was Dastar's own creative work. The issue presented is whether the record supports the finding of Lanham Act liability and the award of double profits.

1. The Lanham Act, 15 U.S.C. § 1051 *et seq.*, seeks to protect consumers from confusion as to the source and qualities of products and to safeguard the goodwill that producers spend energy, time, and money to obtain. *See Inwood Labs., Inc. v. Ives Labs., Inc.*, 456 U.S. 844, 855 n.14 (1982). To those ends, § 43(a) of the Act prohibits "any false or misleading description [or representation] of fact" that "is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services or commercial activities by another person." 15 U.S.C. § 1125(a)(1)(A). Section 43(a) confers standing on "any person who believes that he or she is or is likely to be damaged by such act." *Id.* § 1125(a)(1)(B).

One example of a "false or misleading" statement of origin to which the Act has been applied is known as "reverse passing off": the "false representation that a product is created, designed, or authorized by someone other than the true

creator." 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* §§ 25:6, 27:75 (2002) ("McCarthy"); 2 Jerome Gilson, *Trademark Protection & Practice* § 7.02[5][b] (2002). Courts have applied this rule to misrepresentations about authorship of creative works. 4 McCarthy §§ 27:81, 27:84, 27:85. The premise of the reverse passing off claim is that false claims of origin deceive purchasers and foster the erroneous belief that the seller has the skills of the true creator. The true creator is "likely to be damaged," 15 U.S.C. § 1125(a)(1)(B), by such misrepresentations because it loses goodwill derived from customer satisfaction with a quality product.

A plaintiff who establishes a violation of § 1125(a) "shall be entitled . . . subject to the principles of equity, to recover (1) defendant's profits, (2) any damages sustained by the plaintiff, and (3) the costs of the action." *Id.* § 1117(a). In awarding damages, the court may enter judgment "for any sum above the amount found as actual damages, not exceeding three times such amount." *Id.* In calculating profits, the plaintiff bears the burden of "prov[ing] defendant's sales only," and "defendant must prove all elements of cost or deduction claimed." *Id.* Upon a finding that "the amount of the recovery based on profits is either inadequate or excessive the court may in its discretion enter judgment for such sum as the court shall find to be just. . . ." *Id.* "Such sum in either of the above circumstances, shall constitute compensation and not a penalty." *Id.*

2. In the late 1940s, as Fox was launching its television division, its Vice President, Peter Levathes, conceived the idea of a documentary television series based on General Eisenhower's memoirs of World War II, *Crusade in Europe* ("Book"). Joint Appendix ("JA") 248-49. After acquiring exclusive television rights to the Book, Levathes engaged Time Inc.'s *March of Time* unit, to create for Fox a television series ("Series") based on the Book. JA 249; Supplemental Appendix ("SA") 73-88.

On behalf of Fox, Levathes worked closely with Time to adapt the Book for television. JA 250. Levathes reviewed scripts and film footage for each episode, commented on drafts and rough cuts, and oversaw the production process, a major project that involved, among other things, writing scripts, selecting and assembling film footage to match the Book's content and structure, and incorporating music. *Id.* The final product resulted from a "close collaboration" between Fox and Time, as reflected by the fact that both companies received credits in the Series. *Id.* The Book became a critically acclaimed best seller, and the Series was well received by the public. JA 83, 91, 251.

In 1988, Fox licensed respondent SFM Entertainment, Inc ("SFM") to distribute the Series on video. JA 103, SA 90-110. With respondent New Line Home Video, Inc. ("New Line"), SFM repackaged the Series as a six-volume boxed set of videos ("Videos"), and began selling the Videos in 1993. JA 102-04. The credits and packaging make clear that the Videos are a reproduction of the Series, JA 104, SA 24-25, identifying New Line and SFM, and also stating "A March of Time Production By Arrangement with 20th Century Fox" and "Eisenhower's Crusade in Europe Based on the Book by General Dwight D. Eisenhower." SA 12-15.

In April 1995, petitioner Dastar decided to enter the video business. JA 156, 189. For Dastar's first video, Norman Andersen, Dastar's President, and Lanny Tarter, a freelance producer (now Dastar's employee), decided to copy the Series, which they remembered watching as youths. JA 157-58, 161-62, 189-92. Believing that such a video would sell well on the 50th anniversary of the War's end, they rushed it to market in October 1995. JA 194-96, 270, 358.

To create *Campaigns*, Tarter purchased 8 beta cam reels of *Crusade* and reproduced them, JA 163-64, 209-10, making only the following changes: creating a new title sequence and credits, and incorporating new 10-second long chapter titles corresponding to the Series' 26 chapter titles, which

Dastar deleted as part of a broader effort to remove all images of and references to the Book and the Series. JA 166-70, 172-74, 176, 328-30, 333, 335-37, 341-42. Tarter also moved the Series' "recap" to the beginning of Dastar's video. JA 178, 341. Dastar renamed the product *Campaigns in Europe*. The changes were neither substantive nor material: their sole purpose and effect was to replace any image that would have revealed that *Campaigns* was not an original product. Pet. App. 18. Over one year after *Campaigns'* initial release, Dastar sold a new version, whose only change was the addition of a repetitive two-minute "wrap-around" at the beginning of each tape. JA 179-82; SA 55-60.

Although *Campaigns* was nothing more than *Crusade* with the slightest modifications, Dastar sold it as an original work, with a 1995 copyright notice listing only Dastar and its co-defendant below. JA 186-87, 201-02, 286. Dastar also omitted all original credits and substituted only itself and its co-defendant below: the title sequence of *Campaigns* announces that "Dastar Corp presents" "an Entertainment Distributing Production." SA 1-4. Dastar inserted a "special thanks" to the U.S. National Archive, SA 5, although Dastar never communicated with the Archives in connection with *Campaigns*. JA 342. The only other credits identify Dastar employees as "executive producer," "producer," and "associate producer." SA 1-9. No other credit, and nothing anywhere in *Campaigns*' packaging, informs consumers that *Campaigns* was *not* an original work, but instead a copy of *Crusade*, or that Dastar was *not* its sole originator.

Dastar released *Campaigns* in October 1995. JA 270. In January 1997, it ordered 5,000 stickers for *Campaigns*' packaging stating "contains film footage from the previously released *Crusade in Europe*." JA 109-10, 278-79. Although Andersen felt "that if somebody had purchased *Crusade in Europe* already from some other source . . . if they purchased our package . . . they might not be happy," JA 309-10, Dastar stopped using the stickers because, according to Andersen, it

deemed the effort "a waste of time and a waste of money." JA 311. Dastar continued to ship units after receiving a "cease and desist" letter in 1997. JA 287-90, 312, SA 53-54. Even after the district court held it liable in January 2000, Dastar continued to sell *Campaigns*. JA 307. *Campaigns* was one of Dastar's top releases, selling almost 36,000 units, JA 266-68, SA 53-54; Dastar has since released more than 150 videos. JA 265-66.

3. In September 1998, respondents brought this action under the Copyright Act, alleging that Dastar's sale of *Campaigns* infringed their exclusive right to distribute videos based on the Book. In March 1999, respondents filed an amended complaint, claiming that by falsely crediting itself as the origin of *Campaigns*, Dastar had engaged in "reverse passing off" under the Lanham Act and unfair competition under California law.

a. On cross-motions for summary judgment, the district court granted judgment to respondents on all three claims.[1] Addressing the Lanham Act claim, the court found that the undisputed facts established reverse passing off as a matter of law. The court held that, except for "minor changes," Dastar had copied "substantially all of the television series" to create *Campaigns*, yet credited only itself as producer. Pet. App. 52-53. The court concluded that Dastar's "failure to identify the television series and the Book is misleading to the public" because it "gives the false impression that the series contains only the work of those listed in the credits even though the television series was produced by Fox and Time and significant portions of the Book are used verbatim." *Id.* at 53. The court noted that the use of the "Contains Film Footage from the Previously Released *Crusade in Europe*" stickers on a limited number of sets of *Campaigns*

[1] The district court noted that Dastar provided no evidence controverting any of the 121 facts in respondents' Statement of Uncontroverted Facts. Pet. App. 40-41.

"confirms" the "conclusion that the two video series are similar enough to cause confusion among consumers." *Id.* Observing that the "ultimate test" for respondents' claims both under the Lanham Act and state unfair competition law is "whether the public is likely to be deceived or confused," *id.* at 54 (citation and quotation marks omitted), the court held that Dastar had also engaged in unfair competition. *Id.*

After a bench trial on remedies, the court found that Dastar's Lanham Act violation was willful. *Id.* at 18-19, 24-26. The court found that Dastar "purposefully and intentionally" changed and marketed Crusade in manner designed to "give the impression that *Campaigns* was an original work," when in fact it was not. *Id.* at 18. The court also found Dastar's conduct "willful" under the Lanham Act because Dastar "knew that the work [it] misappropriated was created by someone else, [but] still took credit for [itself]," and because it "continued to sell *Campaigns* even after [respondents] had alleged their claims for reverse passing off." *Id.* at 26.

The court held that Dastar's willful reverse passing off had caused actual damages. The court concluded that respondents would have benefited "from being associated with and viewed as responsible for the misappropriated work," and thus "lost valuable goodwill when a purchaser of *Campaigns* was led to believe by [Dastar's] false attribution that it was produced by [Dastar]." *Id.* The court also found that respondents lost sales. *Id.* Though finding respondents entitled to actual damages, the court did not calculate the amount. Instead, it proceeded directly to hold that respondents were entitled to Dastar's profits "under the equitable theory of unjust enrichment based on [their] willful Lanham Act infringement." *Id.* Noting its authority to increase the award of profits under § 35(a), the court found an "award of double damages particularly appropriate here because the infringement was willful." *Id.* at 27.

b. In an unpublished *per curiam* opinion, the court of appeals (per Kozinski, Gould, JJ., and Breyer, D.J., sitting by

designation), affirmed the grant of summary judgment on the Lanham Act claim.[2] The court found that by copying "substantially the entire *Crusade in Europe* series created by Fox," making only "minimal changes," and labeling the "resulting product with a different name and market[ing] it without attribution to Fox," Dastar "committed a 'bodily appropriation' of Fox's series." *Id.* at 3. Recognizing that its "bodily appropriation test subsumes the less demanding consumer confusion standard," the court rejected petitioner's argument that respondents had to "make an independent showing" that their product "resulted in consumer confusion." *Id.* at 3-4 (internal quotation marks and citation omitted). The court of appeals also affirmed the monetary award. As the finding of willfulness was not clearly erroneous, the court held that the award of profits was appropriate. *Id.* at 4. Because the district court considered the circumstances of the case and doubled the award to deter future violations, the court of appeals found its award permissible. *Id.*

SUMMARY OF ARGUMENT

I.A. Reverse passing off is a straightforward act of falsely designating the origin of a product. The prohibition of this conduct falls well within the language of § 43(a) of the Lanham Act and advances its fundamental goals of preventing consumer confusion and competitive injuries. Dastar's arguments for reading reverse passing off claims out of the statute – including its contention that such reverse passing off claims constitute an impermissible extension of copyright and patent protections – all rest on the incorrect premise that § 43(a) confers on the makers of creative works a free-standing perpetual right of attribution. The statute does

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[2] On the copyright claim, the court of appeals remanded for trial about whether the Book was a work for hire. Pet. App. 3. After a bench trial, the district court held that the Book is a work for hire, and thus remains protected by copyright. By agreement of the parties, further proceedings were stayed pending resolution of the litigation in this Court.

no such thing. It bars only false or misleading statements likely to cause mistake or confusion among consumers as to the true origin of a product. If an issue of non-attribution arises in any § 43(a) case, it is only because the defendant made *other* false or misleading statements. Avoiding reverse passing off falsehoods under § 43(a) is not difficult: the copier of a creative work need only avoid misinforming consumers about the extent of its own contributions to the work.

B. Dastar made no such effort here. To the contrary, Dastar took numerous affirmative steps to make *Campaigns* look for all the world like a new documentary created entirely by Dastar. In fact the product was a documentary created decades earlier entirely by someone else, to which Dastar made no substantive creative contributions. There is no serious question that Dastar's affirmative misrepresentations were "likely to cause confusion, or . . . mistake," 15 U.S.C. § 1125(a)(1)(A), among consumers as to the true origin of *Campaigns* and as to Dastar's own contributions. The Lanham Act does not establish any particular test to evaluate whether a misrepresentation is likely to cause confusion as to the true origin of a product. But under any test imaginable, the false representation that *Campaigns* was a new documentary created entirely by Dastar was likely – indeed almost certain – to cause consumers to believe, erroneously, that *Campaigns* was a new documentary created entirely by Dastar. Liability under the Lanham Act is entirely proper.

II. A. The award of double profits is also proper. Dastar did not argue below or in its petition for certiorari that profits themselves were an inappropriate basis for damages award; that aspect of their argument is waived. It is also wrong: the law has never excluded disgorgement of profits as a basis for remedying trademark law violations; to the exact contrary, because of the difficulty of measuring precisely the amount of loss in such cases, disgorgement of profits has long been the *preferred* remedy in trademark cases.

B. Nor does the clause stating that an enhanced award "shall constitute compensation and not a penalty" bar the award of enhanced profits here. *Id.* § 1117(a). The plain language, history and purpose of that provision all establish that it simply describes or defines enhanced awards as compensatory – to make clear, that is, that such remedies are to be regarded as compensatory for purposes of the court's exercise of its equitable remedial authority. Moreover, even if the provision were directive rather than descriptive, it would not bar an award intended solely to deter. This Court's precedent and common usage clearly distinguish between deterrence and punishment in the award of damages; an award made solely for deterrent purposes thus cannot be a "penalty" precluded by the clause. Deterrence is, however, a longstanding feature of equity; an award aimed at deterrence is thus authorized by § 35(a)'s "principles of equity" language.

ARGUMENT

I. THE DECISIONS BELOW REFLECT A PROPER APPLICATION OF THE LANHAM ACT TO FALSE AND MISLEADING STATEMENTS ABOUT THE ORIGIN OF *CAMPAIGNS*.

Dastar contends that the Framers of our Constitution exalted imitations of creative works for the role imitations play in the commercial dissemination of such works. But the Framers did not exalt outright falsehoods. And falsehood is what this case is about.

Page after page of Dastar's brief is devoted to establishing the proposition – entirely uncontested by respondents – that imitators have a statutory, constitutional, even moral right to copy and disseminate products in the public domain. More pages are devoted to establishing the proposition – entirely uncontested by respondents – that Dastar had a right to put its own name on *Campaigns*. And yet *more* pages are devoted to establishing the proposition – entirely uncontested

by respondents – that respondents have no free-standing perpetual "moral right" to "credit" for their work on *Crusade*.

Those arguments are all beside the point. The issue here is *not* whether Dastar was entitled to copy Fox's creative work, but whether Dastar was entitled to copy Fox's work *and then intentionally misrepresent to consumers that the product was an original work created entirely by Dastar*. Surely Dastar could give itself credit for whatever contributions it actually made, but just as surely Dastar could not mislead consumers about what they were buying. That is what Dastar did. The undisputed record established that Dastar took the entire body of *Crusade in Europe*, retitled it *Campaigns in Europe* and repackaged it to make it look like a new and different work by (1) removing or changing any material that would have revealed that *Campaigns* was not Dastar's original creative work, and (2) giving itself and its employees sole credit for *Campaigns*. The obvious purpose and necessary effect was to mislead consumers into thinking that they were purchasing a new product created only by Dastar, when they were really buying an old product created by someone else.

The Lanham Act issue presented on those undisputed facts is neither difficult nor controversial. The courts below held Dastar liable for marketing a product with falsehoods likely to confuse, mislead or deceive consumers about the true origin of the product they were buying. The sole – and mundane – question of Lanham Act liability here is whether the record in the district court supported that conclusion.

The answer is yes. Both courts below held, on the undisputed record, that Dastar's reproduction of *Crusade* was so nearly complete that it was a "bodily appropriation" of the work, and that such bodily appropriation, *along with the relabeling and intentional misattribution of the product solely to Dastar*, established that consumers likely would be deceived into thinking that *Campaigns* was a new original work created entirely by Dastar. It is flatly incorrect to say,

as Dastar and the Solicitor General do, that the decisions below rested merely on the omission of attribution. The courts did not hold, and no one here contends, that there are any free-standing rights to attribution or perpetual "moral rights." What the courts below held is that Dastar affirmatively misattributed *Campaigns*, by falsely claiming that the entire documentary was a new work original to Dastar, rather than a copy of an old work created by someone else. Under the standard applied by both courts below, or any other conceivable standard for evaluating the likelihood of consumer confusion, the only possible conclusion is that Dastar's false attribution would likely mislead consumers into thinking that the product was just what Dastar said: a new and original work created only by Dastar.

A. The Lanham Act Prohibits All False Or Misleading Statements Likely To Confuse Consumers As To Product Origin, Including Reverse Passing Off Statements

1. Section 43(a) of the Lanham Act prohibits any "false designation of origin" or "false or misleading description of fact" that is "likely to cause confusion, or to cause mistake, or to deceive . . . as to the origin, sponsorship or approval of his or her goods, services, or commercial activities by another person." 15 U.S.C. § 1125(a)(1)(A). The Lanham Act's false designation of origin provision codified "the related common-law torts of technical trademark infringement and passing off, which were causes of action for false descriptions or representations concerning a good's or service's source of production." *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 785 (1992) (Thomas, J., concurring). The tort of "passing off" or "palming off" was an impermissible effort to pass off one's goods as those of another – to trade on the goodwill built up in the name and mark of the other. *See* 4 McCarthy § 25:1.

As its name implies, "reverse passing off" is the flip-side of "passing off": it is an effort to pass off the goods of an-

other as one's own. Because reverse passing off "confuse[s] consumers as to the actual source of goods," U.S. Br. 14, a cause of action to remedy such practices is firmly "grounded in the text of Section 43(a)," *id.* at 15, as well as the fundamental principles of unfair competition law underlying the Act, *see Restatement (Third) of Unfair Competition* §§ 1, 2, 5 (1995) ("Restatement") ("reverse passing off" claims are "specific application" of "general principles" forbidding "deceptive marketing" through representations about goods that are "likely to deceive or mislead prospective purchasers to the likely commercial detriment of another").

This Court long ago recognized the harms caused by reverse passing off. In *International News Service v. Associated Press*, 248 U.S. 215 (1918), this Court upheld an injunction prohibiting a news service from copying stories published in early editions of newspapers and selling them as if it had gathered the news itself. The Court described the defendant's practice as including the element of "false pretense": "the entire system of appropriating complainant's news and transmitting it as a commercial product to defendant's clients and patrons amounts to a false representation to them and to their newspaper readers that the news transmitted is the result of defendant's own investigation in the field." *Id.* at 242. While acknowledging that the "defendant's conduct differ[ed] from the ordinary case of unfair competition in trade" in that the defendant did not "sell[] its own goods as those of complainant" but instead sold "complainant's goods as its own," *id.*, the Court concluded that it "cannot concede that the right to equitable relief is confined to [traditional passing off]." *Id.* at 241-42.

International News recognizes that reverse passing off is not "harmless or even beneficial," as Dastar contends. Pet. Br. 14. To the contrary, as Justice Holmes observed in a concurring opinion, even though the "ordinary case" of unfair competition at common law was "palming off the [seller's] product as the [producer's]," the "same evil may

follow from the opposite falsehood – from saying, whether in words or by implication, that the [producer's] product is the [seller's]." 248 U.S. at 247 (Holmes, J.). "The falsehood is a little more subtle, the injury a little more direct, . . . but . . . the principle that condemns the one condemns the other." *Id.*[3] Other decisions of this Court also recognize the "evil" of misinforming consumers about the origin of products. *See F.T.C. v. Royal Milling Co.*, 288 U.S. 212, 216 (1933) ("If consumers or dealers prefer to purchase a given article because it was made by a particular manufacturer or class of manufacturers, they have a right to do so, and this right cannot be satisfied by imposing upon them an exactly similar article, or one equally as good, but having a different origin."); *F.T.C. v. Colgate-Palmolive Co.*, 280 U.S. 374, 387 (1965) ("The public is entitled to get what it chooses, though the choice may be dictated by caprice or by fashion or perhaps by ignorance") (citation and quotation marks omitted).

The obvious harm inflicted by misinforming consumers through reverse passing off falls well within the fundamental ambit of trademark law. The central purpose of trademark law is to allow consumers to rely on trademarks and other designations of origin as a guarantee of consistent quality from a particular source. *See Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159, 164 (1995) (trademark ensures that a product sold under a particular mark "is made by the same producer as other similarly marked items that he or she liked (or disliked) in the past"). Thus, a consumer who likes a product may buy again from the same producer expecting goods of similar quality. But if the seller lies about who

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[3] The discussion of *International News* in *College Savings Bank v. Florida Prepaid Postsecondary Education Expense Board*, 527 U.S. 666 (1999), related only to the question whether *International News* created a "property right" in being free from unfair competition. *See id.* at 673-74. Of course it did not. *Id.* Contrary to the Solicitor General's intimation, U.S. Br. 29 n.20, that discussion in no way undermines the recognition in *International News* of the "evil" inherent in reverse passing off.

produced its goods, the consumer will not have an accurate sense of that seller's true capabilities, and may be disappointed if goods later purchased do not meet the standard initially set. The harm may be even more immediate. If a seller says not only "I produced these goods," but also, "and they are not the same as anything else on the market," a consumer may buy the same product twice. Trademark law seeks to prevent precisely these consumer harms.

Misleading consumers in this way also harms producers. As the Solicitor General recognizes, each time a consumer purchases and enjoys goods under the misimpression that the seller produced them, the seller takes for itself the goodwill generated by the true producer, and thereby gives itself competitive advantage. U.S. Br. 14 The misappropriation of goodwill can inflict a competitive injury well beyond the immediate loss: by selling quality goods created by another under the false pretense of having created them itself, the seller can build up a false reservoir of goodwill about the seller's *own* "capabilities or accomplishments, thus creating the likelihood of a future diversion of trade to the [defendant]." Restatement § 5 cmt. a. Reverse passing off, in other words, gives the seller a way to build a reputation for quality in the market – a reputation on which the actor can later trade, to the direct detriment of the producer – without having to do any real work of its own. *See, e.g., Arrow United Indus., Inc. v. Hugh Richards, Inc.*, 678 F.2d 410, 415 (2d Cir. 1982) (seller relabeled slightly modified air damper of competitor to gain "a foothold in the market").

2. The consumer confusion and unfair competition harms addressed by § 43(a) reverse passing off claims explain why such claims do not blur the line between trademark and copyright/patent. Dastar's argument to the contrary rests on the premise that reverse passing off claims impose a "generalized" duty on copiers to provide attribution when they copy and sell works in the public domain. This duty, Dastar warns, effectively extends copyright- and patent-style protection beyond the life of the copyright or patent. The problem is that nobody believes that § 43(a) imposes such a duty. The courts below did not find one, *see infra* at 23-24, and respondents do not urge one.

It is common ground here that the "case law does not recognize an affirmative duty on the part of a seller to disclose the identity of the [producer]." Restatement § 5 Reporters' Note, cmt. b. The law imposes only the duty not to make false or misleading statements about the origin of a product. *See id.* (liability may be imposed for "an express or implied misrepresentation that the goods have been produced by the actor"). The Ninth Circuit has been perfectiy clear on this point. *See Cleary v. News Corp.*, 30 F.3d 1255, 1260 (9th Cir. 1994) ("the case law does suggest that the Lanham Act does not create a duty of express attribution, but does protect against misattribution"); 4 McCarthy § 27:85 (explaining that *Smith v. Montoro*, 648 F.2d 602 (9th Cir. 1981), "holds only that mis-attribution violates § 43(a), not that the mere removal of a credit created falsity and not that every actor and everyone who worked on a film is entitled under § 43(a) to receive screen credit"). The Solicitor General agrees that a reverse passing off case of "mis-attribution" is actionable under § 43(a). U.S. Br. 14-15, 18.

Mis-attribution, of course, can occur where a copier's claim of credit leaves the impression that the copier is the *only* originator, when it is not. The false half-truth may give rise to a specific duty to disclose the contributions of other originators, at least to the extent necessary to clarify the false impression left by the selective claim of credit. As Professor McCarthy observes:

> It has often been stated that a failure to disclose facts is not actionable under Section 43(a). But it is equally true that a statement is actionable under Section 43(a) if it is affirmatively misleading, partially incorrect, or untrue as a result of failure to disclose a material fact. That is, telling a half-truth may be "misleading" and

> trigger an obligation to tell the whole truth in order to make the advertising claim "un-false."

4 McCarthy § 27:65. In this respect § 43(a) merely replicates familiar common law liability for fraud, deceit, or misrepresentation: while there is no generalized duty to disclose (absent a specific duty imposed by contract or law), a person will be liable for a false statement when he or she speaks a half-truth, omitting information whose disclosure would render the statement true. *See, e.g., Restatement (Second) of Torts* § 529 (1977) ("A representation stating the truth so far as it goes but which the maker knows or believes to be materially misleading because of his failure to state additional or qualifying matter is fraudulent misrepresentation."). Omitting an attribution, then, is only actionable if the omission renders other attributions inaccurate or misleading. But even then it is not correct to say that there is a true "duty" to give credit to the originator. The duty is always and only to avoid making false attributions; a copier/seller can fulfill that duty *either* (1) by accurately describing the particular contributions for which the seller desires credit, *or* (2) by giving a fuller attribution, *or* (3) by not claiming credit at all.

If the issue in a reverse passing off case were merely whether the defendant copied a work in the public domain without giving credit to the originator, then reverse passing off *would* expand the boundaries of copyright and patent. But § 43(a) *also* requires proof of a false or misleading statement likely to mislead consumers as to the actual extent of the defendant's contribution to the creation of the good. The Act thus permissibly aims at consumer protection and unfair competition concerns, *see supra* at 12-14, apart from the interests protected by copyright and patent. *See Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 232 (1964) (State may "require that goods, whether patented or unpatented, be labeled or that other precautionary steps be taken to prevent customers from being misled as to the source, just as it may protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods"); *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 165 (1989) (government may regulate "the use of unpatented designs in order to prevent consumer confusion as to source").

3. The other policy concerns Dastar cites as reasons to read reverse passing off claims out of § 43(a) also rest on the erroneous view that a free-standing duty of attribution is inherent in the claim. Since the true gravamen of reverse passing off is a commercial misrepresentation (*i.e.*, a false or misleading statement of origin), there is no reason such a claim should be more difficult to administer judicially than any other type of commercial misrepresentation claim.

a. First, Dastar contends that copiers and courts will often be led down a futile "search for the Nile" to identify true authorship. At least where creative works are concerned, Dastar says it is unreasonable to expect copiers to speak accurately about origin because there may be many origins. Dastar reasons implicitly that copiers are free to take exclusive origination credit as a substitute for the truth.

The flaw in Dastar's argument is that there *is no* requirement that copiers identify every originator of a creative work. The copier need only avoid false or misleading statements likely to cause confusion as to origin. A copier can avoid the "search for the Nile" by not crediting itself as the sole originator, or by not crediting itself at all. Even if the copier wants to claim credit for its contribution, it still need not identify and credit every other contributor – it need only make reasonably clear to the consumer the contributions for which it is claiming credit.[4] It may be that in some cases, a

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[4] This case exemplifies the point. As discussed below, Dastar suggests no reason why it could not have credited itself for copying and selling *Crusade*, without further claiming creative authorship of a purportedly original product. *See infra* at 27.

copier could accurately describe its own contributions only by disclosing the contributions of others. *See* IP Law Profs. Br. 8-10. But Dastar points to *nothing* suggesting that this is a serious problem in practice – and certainly nothing to show a problem so great as to justify immunizing copiers from Lanham Act liability for outright lies about their own contributions to creative product, as Dastar urges. In any event, the reality is that where a copier of a public domain work seeks to identify itself, only "the most minimal steps" are typically necessary "to distinguish the publisher of the original from that of the copy." *Maljack Prods., Inc. v. GoodTimes Home Video Corp.*, 81 F.3d 881, 887 (9th Cir. 1996). The short of the matter is that very few copiers of creative works resell them under a false pretense of originality. Most do what little is necessary to let consumers know that the copier is not an original author of the work. No paralyzing onslaught of federal litigation has resulted.[5]

To the contrary, decades of history in analogous contexts show that copiers of creative works can comply with the duty not to make false or misleading claims of origin. Courts long ago imposed truthtelling requirements on those who copy and disseminate uncopyrighted creative works, and copiers unsurprisingly managed to comply. Courts at the turn of the 20th century required publishers of copies of public domain works to disclaim any association with the original publication and its authors. *See* IP Law Profs. Br. 8-10 (citing cases). Publishers did so without difficulty. More than 50 years ago, the Federal Trade Commission ("FTC") required the sellers of abridged books and books that had

[5] To be sure, the efforts of a copier to provide nonmisleading credits may be affected to some extent by "the plausible threat of a successful lawsuit." *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205, 214 (2000). That is as it should be: the prospect of legal liability for *any* behavior exists in part to deter that behavior *ex ante*. W. Page Keeton, et al., *Prosser and Keeton on the Law of Torts* § 4, at 25 (5th ed. 1984).

previously been published under different titles to disclose prominently the prior title and the fact of abridgement, to avoid consumer confusion. *See In re Bantam Books, Inc.*, 55 F.T.C. 779 (1958), *aff'd*, 275 F.3d 680, 682-83 (2d Cir. 1960); *New Am. Library Of World Literature, Inc. v. F.T.C.*, 213 F.2d 143, 146 (2d Cir. 1954); *Hillman Periodicals Inc. v. F.T.C.*, 174 F.2d 122, 123 (2d Cir. 1949). Foresaging Dastar's argument here, the booksellers objected vehemently, claiming that it was too difficult to determine in advance what kinds of disclaimers would provide adequate, non-misleading notice. *See, e.g., Bantam Books*, 275 F.2d at 683. The FTC and the courts rejected this argument, *id.*, and the calamity of confusion and unfairness predicted by the booksellers of course did not ensue.

Nor has any similar calamity befallen copiers of creative works since courts began to entertain reverse passing off claims under § 43(a). By now almost every circuit allows such claims, and none has rejected them.[6] The copying and distribution of works in the public domain continues apace.

b. For much the same reason, reverse passing off claims do not create an untenable "attribution Catch-22," as both Dastar and the Solicitor General worry. They contend that, on the one hand, copiers face liability for failing to make an attribution, while on the other hand, they may be sued for *making* an attribution that is tantamount to a false claim of sponsorship by the producer. Pet. Br. 7; U.S. Br. 23. But as the Solicitor General makes clear, that concern has resonance only if reverse passing off occurs whenever there is a lack of

[6] *See, e.g., Waldman Publ'g Corp. v. Landoll, Inc.*, 43 F.3d 775, 780 (2d Cir. 1994); *Williams v. Curtiss-Wright Corp.*, 691 F.2d 168, 172 (3d Cir. 1982); *Roho, Inc. v. Marquis*, 902 F. 2d 356, 359 (5th Cir. 1990); *Johnson v. Jones*, 149 F.3d 494, 502-03 (6th Cir. 1998); *Web Printing Controls, Co. v. Oxy-Dry Corp.*, 906 F.2d 1202, 1204-06 (7th Cir. 1990); *Pioneer Hi-Bred Int'l v. Holden Found. Seeds*, 35 F.3d 1226, 1241 (8th Cir. 1994); *Cleary*, 30 F.3d at 1260-62; *Montgomery v. Noga*, 168 F.3d 1282, 1297-1300 (11th Cir. 1999).

attribution. U.S. Br. 23. Limited to affirmative mislabeling or misattribution, reverse passing off creates no Catch-22. U.S. Br. 14-16, 18. That is because a copier can easily avoid liability for a misleading claim of sponsorship by accurately describing its own contribution without reference to the true originator, or by inserting a disclaimer of sponsorship. Contrary to Dastar's claim that adequate disclaimers of sponsorship are impossible to design, the cases cited above – and discussed by Dastar's own amicus, IP Law Profs. Br. 8-10 – demonstrate the ease and efficacy of such disclaimers in avoiding misattribution and false sponsorship problems. Further, even if it were true that the copier's overlapping responsibility to avoid false claims of sponsorship complicated its responsibilities somewhat, that would provide no grounds for allowing copiers to lie to consumers about their contributions to creative works.

c. Nor does Dastar's imaginative suggestion that reverse passing off will require a finely tuned judicial "disclosure code" on the order of the guild manuals. Again, this argument rests on the mistaken notion that § 43(a) imposes a free-standing duty of attribution. When a seller chooses to credit itself with creative input, the only issue a court need resolve – in the rare instance that a lawsuit is filed – is whether the seller's claim is false or misleading. There is therefore no need for courts to "decide, case by case and credit by credit, whether the many contributors to a collaborative work have been adequately recognized." Pet. Br. 30.

d. Finally, contrary to Dastar's breathless rhetoric, reverse passing off raises no First Amendment concerns. Dastar remains entirely free to attack respondents with opinion statements about their creative capabilities in newspaper advertisements, home videos, or even in a brief to this Court. Pet. Br. 36. The statements at issue are not a critique of respondents' creative abilities. They are commercial statements of fact that combine to tell consumers: "This video is a new documentary created entirely by Dastar." That is either true or it is not. If it is not, the First Amendment offers no refuge. *See Cent. Hudson Gas & Elec. Corp. v. Pub. Serv. Comm'n*, 447 U.S. 557, 566 (1980) (no First Amendment protection for false commercial speech).

4. In an epilogue to its policy-based attacks on reverse passing off, Dastar suggests that such claims are inconsistent with the current language of § 43(a). Pet. Br. 38-40. Because Dastar did not mention this argument in either court below or in the petition for certiorari, it is waived. *See Sprietsma v. Mercury Marine*, 123 S. Ct. 518, 522 n.4 (2002); *TRW Inc. v. Andrews*, 534 U.S. 19, 34 (2001); *Lopez v. Davis*, 531 U.S. 230, 244 n.6 (2001). In any event, Dastar's textual argument is meritless, as the Solicitor General also recognizes. *See* U.S. Br. 15 (reverse passing off is "grounded in the text of Section 43(a)"). No court has held that the text of § 43(a) excludes reverse passing off claims.

Dastar claims that the 1988 amendment to § 43(a) "eliminate[d] the cause of action for 'reverse' passing off." Pet. Br. 40. Dastar's argument focuses on language requiring proof of likely consumer confusion "as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities *by another person*" (emphasis added). Dastar reads "by another person" to mean that the statement of origin must falsely state that "another person" was the origin of the good – *i.e.*, traditional passing off. That reading is unsound. First, it does not make grammatical sense. Dastar would read the statute as saying that a plaintiff must prove likely confusion "as to the origin . . . by another person." But one does not typically speak of *origin by* a person. One *does* speak, however, of *sponsorship or approval by* a person. It thus makes the most sense to read the plain text as prohibiting (1) false statements of origin, and (2) false statements of approval or sponsorship by another.

Second, Dastar's reading does not even establish the limitation Dastar advances. To say that a plaintiff must prove likely confusion "as to the origin by another person"

would not mean that the statement must have falsely asserted "origin by another person." It would mean that there must be likely *confusion as to* "origin by another person" – *i.e.*, confusion as to whether the goods were *or were not* produced by another person. That plainly would encompass both traditional passing off (*i.e.*, a mistaken belief that goods were made by another) as well as reverse passing off (*i.e.*, a mistaken belief that goods were *not* made by another).

Finally, Congress was explicit that it intended the 1988 amendment to codify and even expand *all* existing caselaw under § 43(a). *See Two Pesos*, 505 U.S. at 783-84 (Stevens, J., concurring); S. Rep. No. 100-515, at 40 (1988). As discussed above, *see supra* at 2, 12, by 1988 reverse passing off was well-established both at common law and under § 43(a). It is unreasonable to conclude that Congress intended to eliminate this well-recognized and sensible claim *sub silentio*, with a grammatically incoherent textual construction.[7]

B. The Court Of Appeals Did Not Misapply § 43(a).

If this Court rejects Dastar's view that reverse passing off claims should be read out of § 43(a), the only remaining

[7] There is another reason to reject Dastar's textually incoherent construction. The same year that it amended § 43(a), Congress enacted the Berne Convention Implementation Act of 1988 ("BCIA"), Pub. L. No. 100-568, 102 Stat. 2853, which intended to satisfy the United States' obligations under the Convention. *See* BCIA § 3(b), 102 Stat. 2853; U.S. Br. 9-10. Although the Convention has a broad "moral rights" provision more reflective of European law, Congress found, based on the Final Report of the Ad Hoc Working Group on U.S. Adherence to the Berne Convention, that U.S. law adhered to the minimum requirements of the moral rights provision at least insofar as "[f]alse identification of another as author also may give rise to a claim by the actual author under section 43(a) of the Lanham Act," specifically citing *Smith v. Montoro* as exemplifying the point. Although requiring false attributions, as cases under § 43(a) like *Montoro* do, is not truly equivalent to "moral rights," Congress deemed § 43(a) sufficient to satisfy this aspect of the Berne Convention, and specifically relied on the existence of the false attribution/reverse passing off claim in acceding to the Berne Convention.

question is whether the record supports the two courts' determination that respondents were entitled to summary judgment. The undisputed evidence established that (1) Dastar falsely informed consumers that it was selling an original documentary video of which Dastar was the sole author, and (2) those statements were likely to cause consumers to believe mistakenly that they were buying an original documentary video of which Dastar was the sole author. There being no genuine issue for trial on either element, summary judgment was proper.

1. *There Is No Genuine Dispute That Dastar Affirmatively Misrepresented The Origin Of Campaigns*

a. Dastar's Liability Rests On Affirmative Misattribution, Not Non-Attribution

This case involves affirmative commercial misrepresentations, not mere "non-attribution," as Dastar and the Solicitor General contend. Pet. Br. 14-15; U.S. Br. 28. As Dastar elsewhere concedes, its "liability for using a 'false designation of origin' was based *both* on the names it included in its video series – its own and its employees – *and* on those it omitted – the names of the three respondents." Pet. Br. 20 (emphasis added). Dastar correctly states that the "court of appeals summed up the theory of liability succinctly: 'Dastar copied substantially the entire *Crusade in Europe* series created by Twentieth Century Fox, *labeled the resulting product with a different name* and marketed it without attribution to Fox. Dastar therefore committed a 'bodily appropriation' of Fox's series.'" Pet. Br. 15 (quoting Pet. App. 3.). The district court explained Dastar's liability in similar but more detailed terms: Dastar "copied substantially all of the television series," then added an attribution that was "misleading to the public" in that "it gives the false impression that the series contains only the work of those listed in the credits even though the television series was produced by Fox and Time." Pet. App. 53; *see also* Pet. App. 26 (respondents injured by "false attribution").

The conclusions of the two courts below cannot be read as finding anything other than "false attribution," in the district court's plain words. The key problem, both courts recognized, was Dastar's decision to give itself sole credit without accurately specifying the limited nature of its contribution. The problem was *not* the mere failure to identify Fox in the abstract; it was the failure to identify Fox *once Dastar claimed all creative credit for itself*. The two acts together left a "false impression" that was "misleading to the public" as to the creative originator of the Series. Pet. App. 53.

b. The Record Compelled The Conclusion That Dastar Falsely Designated The Origin Of *Campaigns*

The first question for this Court is whether a reasonable factfinder could find on the summary judgment record that Dastar did not make a false attribution. The answer is no. Dastar's statements of *Campaigns*' origin (1) represented *Campaigns* to be an entirely new documentary, and (2) represented Dastar itself to be the sole creator of the document. Both representations were false.

Campaigns was not a new documentary – it was *Crusade* dressed up to look like something new. The undisputed record establishes that *Campaigns* was essentially identical to *Crusade*; that is, that the two video sets were the same product – *Campaigns* was a "bodily appropriation" of *Crusade*. The Solicitor General believes that Dastar altered *Crusade* in some meaningful way, but he is mistaken. He cites the new music and opening title sequences, the move of the recap from end to beginning, and Dastar's addition of a brief new closing, U.S. Br. 25, and refers to Dastar's claim that *Campaigns* is "nearly an hour shorter than respondents' *Crusade* series, [with] about 30 minutes of new footage," *id.* at 3 (citing Pet. 5). The Solicitor General's reliance on Dastar's representations has led him astray. The "30 minutes of new footage" is not substantive viewing material. It is nothing more than a change in the credits (substituting Dastar for the true creators), the addition of new chapter openings (to conceal references to the *Crusade* book), and, in a later version, the addition of a largely duplicative 2 minute and 20 second introduction to each of the seven video cassettes. These changes are *the entire sum and substance of Dastar's additions*, and together add slightly less than 30 minutes. The asserted "hour" difference between the two video sets – likely based on the 50 minute difference in run-times listed on the outer sleeves of each cassette – derives not from substantive editing by Dastar, but from the fact that the new titles and credits in *Campaigns* were shorter than the ones that they replaced, and that each of the six volumes of *Crusade* is actually about 5-8 minutes shorter than the run-times listed on the outer sleeves. Finally, the "selection and arrangement of new music" to which the Solicitor General refers, U.S. Br. 25, is absent. The only "new music" is the brief fanfare celebrating Dastar's new self-credit, and the music played over the ten-second chapter openings. As both courts below determined upon review of the extensive undisputed record, the "changes" changed nothing: *Campaigns* was *Crusade*.

But Dastar made sure consumers didn't know that. It gave the documentary a new title. It put the videos in new packaging devoid of any reference to *Crusade*. And it erased all references to any person or entity who had anything to do with creating *Crusade*. In their places Dastar put itself. The box in which Dastar marketed the Videos said only *Campaigns*, with no mention of *Crusade*, and bore a 1995 copyright notice listing only Dastar (and its co-defendant below), apparently covering the entire work.[8] After an FBI warning about copyright violations, the credits for *Campaigns* begin with musical fanfare and a full screen shot of "DASTAR CORP Presents," SA 2, followed immediately with "an ENTERTAINMENT DISTRIBUTING Production," *id.* at 3, and then the title. The closing credits begin with "Special

[8] The advertising for *Campaigns* also makes no mention of *Crusade*, but credits Dastar's co-defendant below. *See, e.g.*, SA 29, 30, 36.

Thanks To THE U.S. NATIONAL ARCHIVE," *id.* at 5, and continue by listing Dastar employees Barbara Kay, Norman Anderson, and Lanny Lee as "Associate Producer," *id.* at 6, "Executive Producer," *id.* at 7, and "Producer," *id.* at 8, respectively. The credits list no contributions by any other party, and make no reference to *Crusade*. The clear message is that Dastar, its employees, and its co-defendant were the *only* creators of *Campaigns*.

Dastar's retitling, repackaging, and recrediting of *Crusade* together gave consumers a single unambiguous message: *Campaigns* is not just *Crusade* relabeled, but a new documentary series created entirely by Dastar and its employees. As the record establishes, that message was also unambiguously false. Dastar's own evidence made clear that Dastar undertook no creative efforts in "producing" *Campaigns*. Dastar's "production" of *Campaigns* had nothing to do with the National Archive or any research or editorial selection. Other than moving the Series' "recap" to the beginning, Dastar's entire effort in "producing" *Campaigns* consisted of copying the original *Crusade* Series, deleting identifying materials, and adding new credits and packaging so that the Series would look like a new product. Dastar and its employees were not the creative producers or authors of *Campaigns* – and they most certainly were not the *sole* creators – as Dastar labored mightily to make it appear.

c. Dastar's Counter-Arguments Are Meritless

On those facts, the lower courts' determination that Dastar falsely designated the origin of *Campaigns* is unassailable. Dastar's arguments to the contrary focus primarily on its self-credits. All of these arguments miss a fundamental point: Dastar's misrepresentations were not limited to its false self-credit, but included the overall combination of retitling, repackaging, and advertising *Campaigns* to make it look like a *new documentary* created entirely by Dastar. None of Dastar's arguments explain or justify all the other steps it took to keep consumers in the dark about the true

origin of *Campaigns*. But even focusing on the credits alone, Dastar's arguments are meritless.

i. Dastar's first argument is that the credits' description of Dastar's originating role was literally accurate in two respects. First, Dastar claims that because it manufactured and sold the physical *Campaigns* videotapes, it was the true "origin" of the black plastic cassettes themselves. But this is at best only a misleading "half-truth" of the kind treated by the common law as a basic misrepresentation and by the Lanham Act as a false statement of origin. *See supra* at 15-16. There is nothing – not a word – in the packaging, advertising or credits suggesting that Dastar meant only to inform consumers that it made the physical cassettes. The unavoidable implication of Dastar's singular self-credit is that Dastar created the entire documentary.

This does not mean that Dastar was legally disabled from identifying itself as *a* source of *Campaigns*. Nothing in the Lanham Act prevented Dastar from accurately describing its limited role in physically manufacturing and distributing *Campaigns*, so long as it did not do so in a manner suggesting that Dastar, and only Dastar, was responsible for the creative content of the Videos.[9] Indeed, Dastar at one point recognized that consumers might not want to buy both *Crusade* and *Campaigns*, and ordered a small number of stickers to inform consumers that the latter "contains footage" from the former. JA 109-10, 277-78. Had it refined this solution instead of abandoning it, Dastar could have accurately decribed its role and the true nature of *Campaigns*. Dastar chose none of these reasonable alternatives.

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[9] In contrast, SFM and New Line merely added their names to a comprehensive list of additional credits, without exaggerating their roles, and did not retitle *Crusade* to look like a new work. There is thus nothing "hypocritical" in their accusing Dastar of reverse passing off, Pet. Br. 23 – unlike Dastar, SFM and New Line chose not to mislead consumers when they added their marks to *Crusade*.

Second, Dastar argues that its credits were "accurate" in the sense that its minor changes to *Crusade* were sufficient to qualify *Campaigns* for independent copyright protection as a derivative work, *see* 17 U.S.C. § 101, such that it was proper for Dastar and its employees to place their names on the product. Pet. Br. 22-23; *see also* U.S. Br. 25. But even if one assumes that *Campaigns* had the requisite "minimal degree of creativity," *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340, 348 (1991), to qualify as a copyrightable derivative work – a questionable assumption since Dastar's changes did nothing but disguise *Campaigns*' real origin, Pet. App. 18 – it does not follow that Dastar's designation of itself as the *sole originator* was accurate. *See Follett v. New Am. Library, Inc.*, 497 F. Supp. 304, 311 (S.D.N.Y. 1980) (fact that editor's work was entitled to a copyright does not determine whether work violated the Lanham Act, as designation of origin could still be misleading). As Dastar concedes, copyright law requires only the most minor changes before according protection to derivative works. Pet. Br. 22; U.S. Br. 25. For example, in *Maljack Productions, Inc. v. UAV Corp.*, 964 F. Supp. 1416, 1426-27 (C.D. Cal. 1997), *aff'd*, 106 F.3d 1223 (9th Cir. 1999), a case cited by Dastar, the court found that the defendant had created a copyrightable derivative work merely by adapting a motion picture from the wide screen theater format to a narrower format for television and enhancing the film's soundtrack. Though the law may afford copyright protection to such minor changes, few consumers would deem a party who adapts screen size and enhances sound the one and only "creator" of a film. Whether or not Dastar could claim copyright in just its minor changes, what it *did* claim was exclusive credit for the entire documentary – an unambiguously false statement.

ii. Dastar next argues that its credits were not false or misleading because phrases and titles used in credits generally are not understood as making a "claim of exclusive authorship." Pet. Br. 23. But whatever may be true as general matter, the specific credits in this case *are* nothing more or less than a "claim of exclusive authorship." *Campaigns* credits a total of five parties: Dastar, its three employees, and its co-defendant below. The credits in no way indicate that any other person or entity made any contribution to the writing, researching, editing, or other acts of preparing what appeared to be an original film. Combined with the new title, new notice of copyright, and, especially, the thanks to the National Archive, the credits gave the false impression that Dastar sent someone to the Archive to review historical film, selected the footage, executed the necessary editing, drafted a narrative about World War II, and then added music and edited the whole thing into *Campaigns*. None of the credited people did any of these things. Whatever phrases like "Dastar Presents" and credits such as "Executive Producer" might mean in the context of a different kind of work or larger and more detailed collection of credits, there is no such context here.[10] A consumer could only conclude that the few listed parties are responsible for the entire creative content of the documentary, which is demonstrably untrue.

iii. Finally, Dastar spends considerable energy denigrating respondents' creative contributions to *Crusade*, in an effort to show that respondents are not the true "origin" of *Crusade*. Pet. Br. 24-31. This effort fails. The undisputed record establishes that Fox played an essential role in the creation of *Crusade* and, therefore, *Campaigns*. Levathes, a Fox executive, conceived of the idea of a documentary based

[10] The one example Dastar uses to prove its point only refutes it. Dastar says that "television productions like *Charlton Heston Presents the Bible*" show that phrases like "DASTAR Presents" are not reasonably understood as claiming exclusive authorship. But of course that is true in the context of a work *like the Bible*. "DASTAR Presents the Bible" would create no remote possibility of confusion as to the authorship of the Bible. But when used with a work explicitly marketed as original, without other credits, "DASTAR Presents" takes on a different meaning.

on Eisenhower's memoirs and, with Fox's financing, brought that idea to fruition. Levathes retained Time to create the *Crusade* Series for Fox. Levathes also chose the writer, reviewed scripts and cuts, and played an extensive role in the production process. Under the circumstances, it is only appropriate to consider Fox a creator of *Crusade*.

Dastar's arguments about the credit properly due to respondents for the creation of *Crusade* are not only incorrect, they are beside the point. Dastar's liability arose not from its failure to attribute credit to respondents, but from its misrepresentations about *Campaigns* and Dastar's limited role in its creation. Whatever Dastar has to say about the credit due to respondents is irrelevant to the accuracy of Dastar's claims to be the sole originator of a new documentary product.

2. *There Is No Genuine Dispute That Dastar's False and Misleading Statements Were Likely To Cause Confusion As To the True Origin Of Campaigns*

The next question is whether a reasonable factfinder could conclude that Dastar's false statements were not likely to mislead or confuse consumers into thinking *Campaigns* was a new documentary created entirely by Dastar. The answer again is no.

The courts below determined that the undisputed record established a likelihood of consumer confusion based in part on application of a "misattribution plus bodily appropriation" standard for evaluating reverse passing off claims. The courts held that Dastar's act of copying *Crusade* virtually wholesale constituted a "bodily appropriation" of Fox's work. Pet. App. 3, 53. Although the court of appeals then stated that respondents did not have to make an "*independent* showing" of "consumer confusion," Pet. App. 3-4 (emphasis added), this does not mean that respondents were not required to establish *likely* consumer confusion as part of their reverse passing off claim. To the contrary, satisfaction of the "mis-attribution plus bodily appropriation" test employed by

the Ninth Circuit *encompasses* the determination that consumers are likely to be confused by the mislabeled copy. *See Cleary*, 30 F.3d at 1261; *see also* INTA Br. 15 (Ninth Circuit "cases acknowledge that proof of likely consumer confusion is still required for a case of reverse passing off involving the application of improper credits to creative works"). The "bodily appropriation" test is a "rigorous" standard, *Cleary*, 30 F.3d at 1261: even where a plaintiff proves both a misattribution *and* that the misattributed product is "substantially similar" to its own, the Ninth Circuit presumes that the differences between the products renders "the likelihood the [two products] will be confused . . . minimal." *Id.* (citation and quotation marks omitted). Consumers are likely to be confused, the Ninth Circuit has held, only where the *exact product* is relabeled and sold by another, or where the product is "modified slightly and then labeled with a different name." *Id.* (citations omitted). That is why a conclusion of "bodily appropriation" includes a determination of likely consumer confusion: where the product is essentially the same, but labeled incorrectly, the only reasonable inference is that a consumer would believe the incorrect label, resulting in confusion about the product's true origin.

Accordingly, the question is not whether the courts below failed to require respondents to prove likely consumer confusion. They *did* require respondents to prove *likely* consumer confusion; they did *not* require respondents to make an "independent" showing of *actual* "confusion." But nobody thinks proof of "actual confusion" is necessary to prove that a statement is "likely to cause confusion" as the text of § 43(a) requires, *see infra* at 36. What matters is whether the record, viewed as a whole, compels the conclusion that if consumers saw *Campaigns* on sale, or watched its credits, they likely would be misled into thinking, erroneously, that it was a new documentary created solely by Dastar. That is the only conclusion the record supports.

a. The Record Compelled The Conclusion That Dastar's False Attributions Likely Would Have Misled Consumers Into Thinking *Campaigns* Was A New Work Created Only By Dastar

The conclusion that Dastar falsely represented to consumers that *Campaigns* was its own new creative work leads ineluctably to the conclusion such a representation would likely mislead consumers into thinking that *Campaigns* was indeed Dastar's own new creative work. The only inference necessary to reach that conclusion is that consumers likely would believe Dastar's claims. The fundamental premise of trademark law is that consumers believe what labels say about product origin. Accordingly, if a seller takes the product of another, modifies it slightly, and then falsely relabels it as made by the seller, it is impossible to conclude anything *but* that consumers probably would be misled as to the identity of the product's true maker.

For at least fifty years, courts have applied that logic to hold that when someone copies the contents of a creative work and adds a new title to make it seem like a new work, consumer confusion inevitably results. Because the "offering of a book for sale constitutes an implicit representation that the book contains the entire original text and that the title under which it is offered is the original title," the "offering of an abridged book or of an old book under a new title unquestionably has the capacity and tendency to deceive and mislead prospective purchasers." *New Am. Library*, 213 F.2d at 145; *Bantam Books*, 55 F.T.C. at 779. These decisions recognize that the representation of originality implicit in the offering of a seemingly new creative product is *inherently* likely to mislead consumers.

The opinions of the courts below follow that tradition. Having found that Dastar falsely presented *Campaigns* as its own new creative work, the courts found the likelihood that such a representation confused consumers to follow as a matter of course. Significant additional evidence in the record

supported that finding, and none supported the contrary inference. That evidence includes testimony from Dastar itself that Dastar believed *Campaigns* and *Crusade* were competitive products. JA 275-76. The parties also used similar channels to advertise and sell their products. JA 274-75, SA 35-43. Dastar's president and "Executive Producer" of *Campaigns* admitted that he was concerned that confusion was likely, to the point that he ordered (but ultimately abandoned) stickers designed to distinguish the products. JA 109-10, 278-79, 309-10. He also admitted that a person who owned either *Crusade* or *Campaigns* would not want to buy the other. JA 277-78.

That evidence of likely confusion is further supported by the district court's uncontested finding of fact, made after the damage trial, that Dastar "purposefully and intentionally" edited *Crusade* "to give the impression that *Campaigns* was an original work." Pet. App. 18. It is well settled that willful misrepresentation is itself "strong evidence" of likely consumer confusion or deception, for courts recognize that rational economic actors do not endeavor to deceive consumers unless they are likely to succeed. *See, e.g., Interstellar Starship Servs., Ltd. v. Epix Inc.*, 184 F.3d 1107, 1110 (9th Cir. 1999); *Shakespeare Co. v. Silstar Corp. of Am., Inc.*, 110 F.3d 234, 239 (4th Cir. 1997); *My-T Fine Corp. v. Samuels*, 69 F.2d 76, 77 (2d Cir. 1934). The court of appeals affirmed this conclusion, agreeing that Dastar acted "purposefully" with the intention of "giving the impression that its series was an original work." Pet. App. 4. The unchallenged finding of intent to mislead defeats any argument that Dastar might raise about the sufficiency of the summary judgment record supporting the conclusion that Dastar's misrepresentations were likely to mislead.

b. Dastar's Counter-Arguments Are Meritless

Dastar raises two principal objections to the finding of likely confusion. First, Dastar says that certain contextual "factors" used to assess the likelihood of confusion between

trademarks show no likelihood of confusion from Dastar's false statements here. Second, Dastar points to other factors of its own devising that, it says, show that consumer confusion was not likely here. Dastar is wrong on both counts.

i. The text of the Lanham Act requires courts to determine whether a defendant's conduct is likely to cause consumer confusion, but provides no guidance about how to do so. For this reason, courts over the years have developed a non-exclusive list of factors, applied most often in the context of infringement. These factors include (1) the similarity between the trademarks in question; (2) strength of the marks; (3) proximity of the parties' goods and/or services in the marketplace; (4) quality of the defendant's goods and/or services; (5) likelihood that the prior owner will "bridge the gap" in the marketplace; (6) actual confusion between the marks; (7) the defendant's intent; and (8) the sophistication of the buyers of the respective goods and/or services. *See, e.g., Polaroid Corp. v. Polarad Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir. 1961). Contrary to Dastar's intimation, analysis of every factor deemed relevant by the courts to likelihood of confusion in infringement cases is not even required in every trademark case – much less in every reverse passing off case, especially where there is a bodily appropriation.

It has long been established that these factors are nothing more than one form of guide to determining whether consumer confusion is likely. Restatement § 21 cmt. a; *Entrepreneur Media, Inc. v. Smith,* 279 F.3d 1135, 1141 (9th Cir. 2002) (factors are merely "a 'guide' to decision making," likelihood of confusion is "not decide[d]… by giving the same weight to a particular factor from case to case."); *Champions Golf Club, Inc. v. The Champions Golf Club, Inc.*, 78 F.3d 1111, 1122 (6th Cir.1996). It is settled that "a plaintiff need not show that all, or even most, of the factors listed are present in any particular case." *Id.* at 1116.

Although Dastar and its amici claim that the courts below made a fundamental error by failing explicitly to apply each

of the so-called "*Polaroid* factors" to this case, Dastar and its amici tellingly avoid doing so themselves. The omission is understandable: in fact, each of the factors either strongly supports the courts' conclusion of likely confusion or has little relevance to the analysis. The proximity and quality of goods factors strongly suggest likely confusion, inasmuch as the parties are selling essentially the *same* product. The same is true for the "bridging the gap" factor – the gap is already bridged. And the defendant's intent factor squarely supports a finding of likely confusion, as discussed above. On the other hand, the similarity and the relative strengths of the parties' trademarks is obviously irrelevant. *Johnson v. Jones*, 149 F.3d 494, 503 (6th Cir. 1998) (many standard confusion elements are "irrelevant" in reverse passing off cases "because they deal with the relationship between the plaintiff's and defendant's trademarks, not their products").[11] And the consumer's "sophistication" is of limited relevance in a case of reverse passing off. Courts consider this factor in the context of infringement because a more discerning or sophisticated consumer is less likely to be fooled by a similar trademark. But when a defendant sells the plaintiff's product as its own, having carefully obliterated every indication of the product's true origin, even the most sophisticated consumer has no way to discern the truth.

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[11] In *Johnson v. Jones*, the defendant, an architect, had traced "floor plans and foundation plans" drafted by the plaintiff, and then took those drawings and the "site plan that he had obtained from the city inspector, removed [plaintiff's] name and seal, and replaced them with his own name and seal." 149 F.3d at 499. Reviewing the confusion factors not specific to trademarks themselves, the court found it self-evident that the plaintiff and defendant provided the same services, used the same marketing channels, and that the defendant intended for the public to assume that he had created plaintiff's drawings. *Id.* Based on these findings, without full consideration of all the standard factors, the court could conclude that "[f]ew are the cases demonstrating a more obvious and imminent likelihood of confusion." *Id.* at 503.

The only remaining factor with any possible relevance is the existence of actual confusion. But courts not only do not consider proof of actual confusion a prerequisite to a finding of likely confusion, they do not even consider the lack of such evidence very probative of a lack of likely confusion. *See* 3 McCarthy § 23-12 (proof of actual confusion is not required, as "it very difficult, and often impossible to obtain"); *Harold F. Ritchie, Inc. v. Chesebrough-Ponds's Inc.*, 281 F.2d 755, 761 (2d Cir. 1960). There is no basis for applying this element more stringently here. The opposite is true: given the force of the inference that consumers are likely to believe what sellers tell them about product origin, it would make little sense to require plaintiffs in every case to produce evidence of actual confusion.

In sum, no set of non-statutory "factors" is needed to confirm that when a product is copied and given a false label of origin, consumers are likely to be misled as to its true origin. But even if one considers each of the *Polaroid* factors in turn, as Dastar and its amici demand (but do not themselves attempt), the same conclusion obtains, for "[f]ew are the cases demonstrating a more obvious and imminent likelihood of confusion." *Johnson*, 149 F.3d at 503.

ii. As if to confirm the failure of the actual *Polaroid* factors to advance its cause, Dastar discusses two factors of its own invention. Neither factor shows that Dastar's misrepresentations were likely to have been harmless.

First, Dastar contends that that confusion was not likely because including Fox in *Campaigns*' credits would not have affected consumer decisions. Pet. Br. 18-19.[12] But Dastar

[12] Like the rest of Dastar's brief, this argument entirely ignores *Campaigns*' false title and its obvious effects on consumers. As Dastar acknowledged, consumers who already owned *Crusade* would not want a copy of *Campaigns* as well, but Dastar's failure to identify *Campaigns* as a copy of that previously released work was inherently deceptive, and likely to cause confusion.

has never previously argued this point and did not introduce a shred of evidence to support its speculation about consumer motivations. A party seeking to defeat summary judgment must introduce actual evidence establishing the existence of a genuine disputed fact; sheer conjecture will not do. *Matsushita Elec. Indus. Co. v. Zenith Radio Corp.*, 475 U.S. 574, 586 (1986). Further, the speculation is not supported even by simple logic and common sense. Dastar itself notes repeatedly that actors, directors, writers, and producers all clamor for screen credits, even going so far as to bargain collectively and to litigate about them. Pet. Br. 28-30. So do profit-seeking corporate entities. They do not add labels and credits merely for fun or a sense of pride. Dastar itself presumably had an economic reason for crediting itself on *Campaigns*. Credits do matter: people read them, and make later purchasing decisions on the basis of whether they liked, or did not like, what they saw. *See* Restatement § 5 cmt. c ("The likelihood of harm through reverse passing off is particularly acute in the arts and entertainment industries, in which the marketability of a person's goods or services is in large measure dependant upon recognition for past achievements."). Indeed, the entire realm of trademark law rests on the understanding that designations of origin matter to consumers' present and future purchases.

Second, Dastar argues that there can be no consumer confusion because respondents allegedly lost no goodwill. Pet. Br. 19-20. The district court explicitly rejected that argument, finding that respondents did lose "valuable goodwill." Pet. App. 26. As Dastar did not challenge that finding on appeal or in its petition for certiorari, that issue is also waived. In any event, the argument is both wrong on its terms and an utter *non sequitur*. Dastar did wrongfully appropriate goodwill, to respondents' detriment. *Campaigns* was Dastar's first video. By falsely portraying itself as the creator of an original work, rather than truthfully identifying itself as the copyist of an existing one, Dastar was able to

jumpstart its new business by garnering reputational capital that it had not earned, using goodwill stolen from respondents to create an unfair advantage. But even if Dastar could show that respondents actually lost little or no goodwill from the mis-attribution, that would be irrelevant to the question whether Dastar's mis-attribution likely confused consumers. If consumers thought Dastar created *Campaigns*' substantive content, they were confused, whether or not that confusion led to a demonstrable loss of goodwill for respondents.[13] Dastar's efforts to show that consumers were not likely confused by its misleading attributions are thus unavailing.[14]

II. THE DAMAGES AWARD WAS AUTHORIZED BY THE LANHAM ACT

A. "Principles of Equity" Permit an Award of Profits

1. The second question presented by this case concerns the *enhancement* of awards under § 35(a) of the Lanham Act. But Dastar's first argument is that the district court lacked statutory authority to make an award based on profits *at all*. Dastar has never raised that argument before – not in the courts below, and not in its petition for certiorari. The argument is therefore waived. *See supra* at 21.

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[13] The lack of lost goodwill might go to respondents' competitive harm, but that was an issue resolved on actual findings of fact against Dastar and not included in its petition for certiorari.

[14] The Solicitor General suggests that the courts should have looked to one factor not already discussed – consumers' familiarity with *Crusade*. U.S. Br. 30. But consumers entirely unfamiliar with *Crusade* are, of course, likely or even certain to be deceived, for they have no means to dispel Dastar's false claim of authorship. To weaken the inference of likely confusion Dastar would have to show that many, most, or all consumers are not only familiar with *Crusade*, but recall it well enough to identify *Campaigns* as a copy, thus establishing that they are not likely to be confused as to origin. There is no basis even for imagining that Dastar could make such a showing, especially given its own concession that *it* believed consumers were likely to be confused.

2. In any event, there is no merit to Dastar's argument that principles of equity forbid the award of profits in this case. Dastar argues that profits may not be awarded absent a finding that all of a defendant's profits come at the plaintiff's expense. Pet. Br. 43-44. But the law has never required that an infringer's profits be equivalent to a plaintiff's losses before they may be awarded as equitable relief.

Courts have long understood that the amount of an infringer's profits will not always, or often, correspond to the damages suffered by a trademark owner. Disgorgement of profits has nevertheless been the "preferred mode of compensation in equity" for trademark infringements since the nineteenth century. James M. Koelemay, Jr., *Monetary Relief for Trademark Infringement Under the Lanham Act*, 72 Trademark Rep. 458, 465 (1982). Indeed, it is precisely because plaintiffs are often unable to prove the extent of their losses from infringement that the equitable remedy of disgorgement is preferred. *Id.* at 465-66. In short, the equitable rule permitting – indeed, favoring – disgorgement of an infringer's profits grew out of an awareness that *any* monetary award can be no more than a proxy for the plaintiff's actual damages. Contrary to Dastar's assertion, no equivalence between profits and actual damages is required. Rather, the equitable remedy of profits was made available *instead* of the legal remedy of compensatory damages.[15]

3. Finally, even if Dastar's legal argument were correct, its factual premise is flawed. The district court made explicit

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[15] Dastar cites *Feltner v. Columbia Pictures Television, Inc.*, 523 U.S. 340 (1998) and *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390 (1940), as evidence that profits may not be awarded to punish a defendant. Pet. Br. 42-43. But there is no tension between the rule prohibiting courts of equity from making punitive awards and the equitable remedy of disgorgement. Requiring disgorgement of amounts wrongfully obtained does not punish the defendant: if a plaintiff is overcompensated, the effect is to restore the status quo before the wrongful conduct.

findings of actual damages to respondents, in the form of diversion of sales and loss of goodwill. Pet. App. 26. The award of profits in this case does in fact compensate for specific losses, and has the "essentially compensatory" character, Pet. Br. 42, that Dastar demands.

B. The Enhanced Profits Award Is Consistent With Section 35's "Compensation And Not A Penalty" Clause

Turning to the question on which the Court granted certiorari, Dastar argues that the court awarded enhanced profits solely for reasons of deterrence, and that the "compensation and not a penalty" clause of § 35(a) prohibited it from doing so. That is incorrect for two separate reasons. First and most fundamentally, the "compensation and not a penalty" language does not constrain the authority of courts to enhance damages or profits, but simply provides that such enhancements shall be deemed compensatory. Second, even if the clause did limit enhancements, an award intended to *deter* rather than to *punish* would fall outside that limitation.

1. a. The "compensation and not a penalty" clause does not circumscribe the courts' authority to enhance awards. That prescriptive work is done by other parts of § 35(a): enhanced awards must be consistent with "the principles of equity," and profits may be enhanced only if "the amount of recovery based on profits is . . . inadequate." 15 U.S.C. § 1117(a). If an enhanced profits award satisfies those provisions – as does the award here – it is authorized by § 35(a).

The "compensation and not a penalty clause" does something different. It provides that when an enhanced award does issue, consistent with the above prescriptions, it shall be regarded as compensatory. That clarification is important. The "principles of equity" that limit awards under § 35 generally do not allow for the award of punitive damages.[16] Absent explanation, courts might have perceived some tension between the requirement that they observe equitable principles and the instruction that they enhance damage and profit awards, in some cases by as much as three times the amount of actual damages. In fact, there is no inconsistency, the statute informs, because such an enhancement "constitute[s] compensation and not a penalty." *See* Ralph S. Brown, *Civil Remedies for Intellectual Property Invasions: Themes and Variations*, 55 Law & Contemp. Probs. 45, 76 (1992) ("All the clause does is declare that enhanced damages and profits are 'not a penalty.' It does not require courts to refrain from awarding them.").

The plain language of the "compensation and not a penalty" clause is most naturally read in this descriptive manner. The dictionary defines "constitute" as "to amount to; equal." *The Am. Heritage Dictionary* 404 (3d ed. 1992); *see also The Coll. Standard Dictionary of the English Language* 261 (1943) ("constitute" means "[t]o make (anything) what it is; make up; frame; compose"). Thus, given everyday usage, the fact that an award "shall constitute compensation and not a penalty" means only that the award shall be considered equal to or is equivalent to compensation. Had Congress intended to provide instead that an award should issue only for compensatory and not punitive purposes, it could have said so clearly: "The court shall enter such an award only as compensation and not as a penalty," for instance.

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[16] Absent express authorization, courts of equity do not award punitive damages. *See Tull v. United States*, 481 U.S. 412, 422 & n.7 (1987); *Stevens v. Gladding*, 58 U.S. (17 How.) 447, 454-55 (1855); *Livingston v. Woodworth*, 56 U.S. (15 How.) 546, 559-60 (1854); *see also* 2 J. Sutherland, *The Law of Damages* § 392, at 1089 (3d ed. 1903); W. Hale, *Law of Damages* 319 (2d ed. 1912); 1 T. Sedgwick, *Measure of Damages* § 371, at 531 (8th ed. 1891).

The legislative history of the "compensation and not a penalty" clause confirms that common-sense reading. The original proposed language of § 35 provided that "[i]n assessing damages, the court may, according to the circumstances of the case, enter judgment for any sum above the amount found as actual damages, not exceeding three times such amount, *such sum to constitute compensation and not a penalty*." 84 Cong. Rec. at 9305 (1939) (emphasis added). That final modifying clause – clearly descriptive rather than prescriptive – became the separate sentence that now appears in § 35, so that it could encompass not only enhanced damages but also the other types of awards authorized by the amended version of the bill. But there is no indication of any change in the original intent that the "compensation and not a penalty" language was to provide clarification rather than serve as an independent directive.

Dastar does not discuss that aspect of the clause's legislative history, focusing instead on the fact that the "compensation and not a penalty" language was borrowed from a similar provision in the Copyright Act of 1909. Pet. Br. 45. But that history, too, supports a descriptive reading of the clause. The Copyright Act language stated that discretionary damages awarded by courts in lieu of actual damages "shall not be *regarded as* a penalty." Copyright Act of Mar. 4, 1909, ch. 320, § 25(b), 35 Stat. 1075, 1081 (emphasis added). That clause clearly imposes no independent limit on court authority to award discretionary damages. Instead, it clarifies that such damages should be treated as compensatory "to avoid the strictness of construction incident to a law imposing penalties, and to give . . . some recompense for injury . . . in a case where the rules of law render difficult or impossible proof of damages or discovery of profits." *Douglas v. Cunningham*, 294 U.S. 207, 209 (1935).[17]

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[17] Contrary to Dastar's suggestion, Pet. Br. 46, neither *Douglas* nor *Brady v. Daly*, 175 U.S. 148, 157 (1899), holds that the Copyright Act authorizes only those damages intended to compensate. Rather, as the language quoted above indicates, *Douglas*, like *Brady*, simply recognizes the need to assure some amount of damages in cases where proof of actual losses is difficult or impossible. The damages provisions of the Lanham Act serve the same purpose. *See supra* at 39.

Finally, the experience of the courts with the Lanham Act and its immediate predecessor confirms the importance of clarifying that enhanced awards should be treated as compensation. The 1905 Act permitted courts to treble damages, Pub. L. No. 58-84, § 19, 33 Stat. 724, 729, but contained no language similar to the "compensation and not a penalty" clause. In the 41 years between the 1905 Act and passage of the Lanham Act, not one court exercised its authority to award treble damages – a fact brought to Congress' attention when it considered the later Act. Koelemay, *supra*, at 480; *Joint Hearings on S. 2679 Before the House and Senate Comms. on Patents*, 68th Cong., 2d Sess. 47-48 (1925) (statement of Edward J. Rogers).[18] The most plausible explanation is that courts were concerned that the treble damages remedy, with its superficial resemblance to punitive damages, was inconsistent with the equitable heritage of trademark remedies. Congress addressed that concern by

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[18] Though Dastar relies heavily on other statements by Edward Rogers, Pet. Br. 46-47, it is not at all clear that Rogers believed that the "compensation and not a penalty" language would constrain courts' authority to award damages. The statement quoted from the 1925 hearings, *id.* at 47 n.52, is entirely inapplicable; it refers to a version of the Act that did not contain the trebling provision and never took effect. In later hearings, Rogers advocated giving judges broad discretion to fashion remedies. *See, e.g., Hearings Before the House Subcomm. On Trade-Marks Comm. On Patents*, 77th Cong., 206 (1941) ("1941 Hearings"); *Hearings Before the House Comm. On Patents Subcomm. On Trade-Marks*, 75th Cong., 50 (1938) ("1938 Hearings"). And whatever Rogers' views, other witnesses believed that the clause did not limit the remedies available to judges. *See, e.g.*, 1941 Hearings at 203 (statement of Karl Fenning); 1938 Hearings at 43 (statement of Harrison F. Lyman). There is no reason to accord the views of one witness controlling weight. *See McCaughn v. Hershey Chocolate Co.*, 283 U.S. 488, 493-94 (1931).

clarifying, with the Lanham Act revisions, that enhanced damages are to be regarded as compensatory rather than punitive. Once the Lanham Act became law, courts began to award enhanced damages – a result entirely at odds with petitioner's contention that the "compensation and not a penalty" clause imposes a new *restriction* on judicial authority to make such awards. In short, the "compensation and not a penalty" clause does important work if it is construed, consistent with its text and history, as a descriptive clarification of the nature of enhanced awards.[19]

b. Dastar's reading of the "compensation and not a penalty" clause renders that language entirely superfluous. As Dastar recognizes, Pet. Br. 44, the enhancement provisions of § 35(a) must be read in conjunction with the "principles of equity" clause. Dastar also appears to acknowledge that the "principles of equity" clause by itself bars punitive awards. Pet. Br. 42. The upshot is that if the "compensation and not a penalty" clause prohibits the enhancement of awards for punitive purposes, then it is completely redundant of the "principles of equity" clause. Such a construction is strongly disfavored. *See, e.g., Duncan v. Walker*, 533 U.S. 167, 174 (2001); *cf. FCC v. Nextwave Pers. Communications, Inc.*, 123 S. Ct. 832, 839 (2003) (construction that would render language superfluous "must be rejected").

Dastar's interpretation suffers from another important defect. On Dastar's view, the validity of an enhanced award under § 35(a) depends in large part on the motivation of the judge who enters the award. Pet. Br. 50. On identical facts, one enhanced award might be valid if the judge focused on

[19] So understood, the clause does the additional job of clarifying that enhanced awards under § 35 are generally taxable. When the Lanham Act was enacted, awards for lost profits were taxable, but punitive damages were not. *See, e.g., Durkee v. Comm'r*, 6 T.C. 773, 776 (1946) (lost profit award taxable); *Highland Farms Corp. v. Comm'r*, 42 B.T.A. 1314, 1322 (1940) (punitive damages not taxable).

compensation, and another invalid if the judge focused on punishment. Even that imbalanced result assumes a single-minded judge transparent about his or her thinking; problems multiply if a judge has in mind both compensation and another rationale, or fails to explain his or her motivation.

This is a case in point. The factual premise for Dastar's whole argument is that the award here was made "solely to deter," Pet. Br. 48, but the truth is more complicated than that. In making its award, the court noted not only that enhanced profits would deter future infringements, Pet. App. 26-27, but also that respondents had suffered actual damages, *id.* at 25-26. It thus seems likely that the award was intended both to compensate and to deter. *See* AIPLA Br. 19 (enhanced award may have been intended "to compensate the plaintiffs as opposed to merely deterring infringement"). But no reviewing court can be certain about that, or about what portion of the enhanced award is attributable to each of the district court's distinct rationales.[20] Dastar's rule is as unworkable as it is unfair.

2. Even if the "compensation and not a penalty" clause did constrain judicial authority to enhance awards, it would not prohibit an award intended to deter. Petitioner's contrary argument rests on the premise that an award based on deterrence is necessarily punitive, and thus prohibited by a prescriptive reading of the "compensation and not a penalty" clause. Pet. Br. 48. That premise is incorrect.

a. Deterrence is a concept and rationale distinct from punishment. *Bennis v. Michigan*, 516 U.S. 442, 452 (1996) ("forfeiture also serves a deterrent purpose distinct from any punitive purpose"); *Am. Soc'y of Mech. Eng'rs v. Hydrolevel*

[20] For that reason, even if this Court were to conclude that § 35(a) precludes an enhanced award intended only to deter, reversal would be inappropriate. Instead, a remand would be required so that the district court could clarify the extent to which it relied on compensation rather than deterrence in making its award.

Corp., 456 U.S. 556, 575 (1982) (though "antitrust treble damages were designed in part to punish past violations," they have the additional, discrete purpose and effect of deterrence); *Hecht Co. v. Bowles*, 321 U.S. 329 (1944) (injunctions were "designed to deter, not to punish."). The concept of deterrence seeks to prevent *future* harm, *see, e.g.*, 1 *The New Shorter Oxford English Dictionary* 650 (1993) (defining "[d]eter" as "[r]estrain or discourage (*from* acting or proceeding)" or "inhibit, prevent" from occurring), while the concept of punishment focuses on exacting consequences for acts that have already occurred, 2 *The New Shorter Oxford English Dictionary*, at 2415 (defining "[p]unishment" as "the infliction of a penalty in retribution for an offense" previously committed). It is precisely because deterrence and punishment are not coextensive that courts of equity have authority to make awards to deter but not to punish. *See supra* at 40-41.

It is true that deterrence is often, or perhaps always, one effect of a punitive award. That is why courts so often discuss the retributive and deterrent effects of punitive damages together. *See* Pet. Br. 48 (citing *Gertz v. Robert Welch, Inc.*, 418 U.S. 323 (1974)). But that does not mean that the concepts are inseparable. *Smith v. Doe*, 538 U.S. __, No. 01-729, slip op. at 14-15 (Mar. 5, 2003) (law does not become punitive simply because deterrence is one purpose). Compensatory damages, for instance, also deter misconduct. *See, e.g., Hydrolevel Corp.*, 456 U.S. at 575 ("[T]reble damages serve as a means of deterring antitrust violations and of compensating victims."); *City of Monterey v. Del Monte Dunes, Ltd.*, 526 U.S. 687, 727 (1999) (tort cause of action "is designed to provide compensation . . . and thereby, of course, to deter future violations") (internal citation omitted). Thus there is nothing inconsistent about entering a compensatory award with an eye toward its deterrent effect. In fact, even when courts do recognize the relationship between punishment and deterrence, they generally are careful – like this

Court in *Gertz* – to treat the two concepts as distinct. *See* 418 U.S. at 350.[21]

Thus, an award made solely to deter is by definition not a "penalty." Nor does it serve the purely compensatory function of making a party whole for past injury. Such an award simply is not covered by the either-or dichotomy of the "compensation and not a penalty" clause: it is neither barred as a "penalty" nor approved as "compensation."[22] Thus, that clause alone cannot say whether the Lanham Act permits awards aimed only at deterrence.

b. That question can be answered – in the affirmative – by reference to other provisions of § 35(a). First is the clause incorporating "principles of equity" into the rules governing damage awards. As this Court has recognized, a deterrent rationale underlies traditional equity practice. *See, e.g., Hecht Co.*, 321 U.S. at 329 ("[t]he historic injunctive process was designed to deter"). Unlike punishment or compensation, deterrence prevents *future* misconduct and

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[21] The fact that Congress later amended the Lanham Act to allow for punitive damages in counterfeiting cases, *see* Pet. Br. 48-49, is not to the contrary. One can draw from that amendment an inference that Congress read the "principles of equity" clause as we do, to bar the award of punitive damages absent express authorization. *See supra* at 44. But it says nothing at all about whether an enhanced award intended to deter constitutes, on that basis alone, an award of punitive damages.

[22] Dastar suggests that the clause may go further and preclude any enhanced award that is not compensatory. Pet. Br. 48. But that construction reads the phrase "and not a penalty" right out of the statute; if Congress intended to provide only that enhanced awards "shall be compensation," then there would have been no need to go any further. Yet if Congress intended only to bar punitive awards, then the reference to "compensation" would serve no purpose. The only way to give both parts of the clause meaning is to read the clause as creating a safe-harbor for compensatory awards, prohibiting punitive awards, but saying nothing about other kinds of awards. If that seems like awkward phrasing for an instruction, it is because § 35(a) was never intended to operate as a directive, but was rather intended to be descriptive. *See supra* at 40-45.

injury. As there was usually no remedy at law to serve the same purpose, such prevention became the province of equity. Indeed, preventing future harm is the goal of many of the most common equitable remedies, such as injunctions and orders of specific performance. *See* Douglas Laycock, *The Death of the Irreparable Injury Rule*, 103 Harv. L. Rev. 687, 696 (1990) (most "specific remedies" that seek to prevent or deter harm are "historically equitable"). In short, the "principles of equity" under § 35(a) include the principle that deterrence is an appropriate basis for a remedy.

Second, the profit enhancement provision itself confirms that Congress contemplated awards designed to deter. Section 35(a) provides that a court may enhance a profit award if it "find[s] the amount of recovery based on profits is either inadequate or excessive." 15 U.S.C. § 1117(a). Full recovery of profits is typically adequate *compensation*; as a general rule, it could be "inadequate" only if it failed to *deter* future infringement. Enhanced profit awards in order to deter are thus anticipated by § 35(a).

Congress was surely correct in its judgment that enhanced awards might be necessary to deter willful infringement. Courts have long recognized that awards limited to an individual plaintiff's loss, or even a defendant's profits, may "underdeter" trademark infringers. Because such awards fail to account for cases never brought and for profits and losses that are hard to calculate, they can leave the profitability of infringement greater than its costs. Allowing the recovery of enhanced damages or profits ensures that infringement will not be profitable, and thus adequately deters willful misconduct. *See, e.g., Louis Vuitton S.A. v. Lee*, 875 F. 2d 584, 588 (7th Cir. 1989) ("Treble damages are a particularly suitable remedy in cases where surreptitious violations are possible, for in such cases simple damages (or profits) will undeter . . . ."); *Playboy Enters., Inc. v. Baccarat Clothing Co.*, 692 F. 2d 1272, 1274 (9th Cir. 1982) (noting that damages alone "would fail to serve as a convincing deterrent to the profit-

maximizing entrepreneur" because "penalties imposed under such an approach would be simply factored into the infringer's profit and loss statement."). In this sense, enhanced awards in order to deter are not only consistent with but fundamental to the Lanham Act; without them, the Act cannot serve its central goal of protecting the public from deception. *See Monsanto Chem. Co. v. Perfect Fit Prods. Mfg. Co.*, 349 F.2d 389, 395-96 (2d Cir. 1965) (adequate deterrence necessary to fulfill Lanham Act's central purpose).

The need for enhanced awards is particularly acute in reverse passing off cases, where actual damages to the plaintiff are difficult to quantify and most likely to accrue in future. The principal harm from reverse passing off lies in the loss of goodwill and the diversion of *future* sales.[23] By falsely representing itself as the maker of quality goods, the defendant can obtain repeat business that its own inferior product might not have attracted, and thus obtain future market share at the expense of a competitor that actually created the product. Because the immediate damages from this action may be small, they are unlikely to deter. Absent some form of enhancement, a rational economic actor might well decide to absorb an award of actual damages or profits rather than forgo the market benefits of misrepresenting product origin.

CONCLUSION

The judgment should be affirmed.

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[23] Dastar claims that reverse passing off could not have deprived respondents of sales, because Dastar "would have sold just as many videotapes if it had credited respondents in all of its videotapes." Pet. Br. 41. The district court explicitly rejected that position, finding that Dastar had diverted sales, Pet. App. 26, and Dastar did not challenge this ruling on appeal or in its petition for certiorari. Dastar's premise is logically flawed, as well. Had consumers realized that Dastar's mislabeled product was identical to a series produced and marketed by respondents, some likely would have preferred to buy the product of well-known, established companies like Fox, New Line, and SFM.

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No. 02-428

IN THE

Supreme Court of the United States

DASTAR CORPORATION,

Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT LLC, and NEW LINE HOME VIDEO INC.,

Respondents.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

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STATEMENT PURSUANT TO RULE 29.6

Petitioner's Rule 29.6 Statement was set forth at page *ii* of Petitioner's Opening Brief, and there are no amendments to that Statement.

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INTRODUCTION

In a brief that largely concedes the law and argues the facts, respondents say that Dastar engaged in "outright lies" about the origin of its videotape series. Resp. Br. at 18; *see id.* at 9 ("outright falsehoods"). They assert that Dastar made a "nearly exact" copy of their product, *id.* at 1, added its name and "erased all references to any person or entity who had anything to do with creating" the original, *id.* at 25, then renamed and "repackag[ed]" the tapes, *id.* at 26—all in a deliberate attempt to fool consumers into buying duplicate video sets. *Id.* at 25.

Respondents' Facts. But the Court cannot rely on respondents' version of the facts. To take one example, respondents claim repeatedly that Dastar "erased" the credits identifying respondents. *Id.*; *see id.* at 26 (accusing Dastar of "deleting identifying materials") & 35 (Dastar "carefully obliterated every indication of the product's true origin"). Yet these assertions are directly contradicted by the only evidence in the record that touches on this point. The Dastar witness who actually did the editing testified that "[t]he film that I used had no credits on it at all." JA at 169a. Although they acknowledged this uncontroverted evidence below, JA at 376a-77a, respondents now deny it. Their approach is all the more remarkable because what respondents are defending is an order granting summary judgment on liability. *See Bd. of Educ. v. Earls*, 536 U.S. 822, 122 S. Ct. 2559, 2575 (2002) ("'On summary judgment the inferences to be drawn from the [evidence] must be viewed in the light most favorable to the party opposing the motion.'") (quotation omitted).

In fact, the evidence tells a far less sinister story than the one respondents have offered. Hoping to release World War II videotapes during the fiftieth anniversary of the war's end, Dastar principals were delighted to discover that the 1948 TV series was in the public domain. JA at 157a-58a. The copy that they purchased commercially had no credits, and Dastar did not know who created it. JA at 163a, 169a. In their view, the TV series gave undue emphasis to General Eisenhower's role; they thought consumers would be more interested in the story of World War II. JA at 176a. At significant cost, Dastar's

producer revised the series to tell that story. JA at 329a. It titled the resulting product *WORLD WAR II* and subtitled it *Campaigns in Europe*. S. App. at 47.

Dastar's producer added screen credits that reflected the principal contributors to Dastar's product. JA at 171a-72a. He chose simple ones, claiming only that Dastar "presents" (that is, introduces) the video set. S. App. at 2; *see infra* at 8. He gave himself and others "producer" credits that reflected their editorial, administrative, and financial contributions. JA at 171a. He added a credit for the National Archives, not to mislead consumers as respondents assert without support, but because "[m]ost of the footage that I had seen in this film came from the National Archives, so I thought they deserved credit." JA at 172a. Dastar created its own packaging from scratch. Contrary to respondents' claim, Dastar performed no "repackaging." Resp. Br. at 26. The original TV series was not "packaged," it was broadcast.[1]

Respondents' Concessions. Against *this* factual background, respondents' many concessions and silences on the law are fatal. Respondents now agree that the Constitution creates a right to copy and to use public domain works—and that this right will be negated by a reading of the Lanham Act that gives former copyright holders perpetual attribution rights. Resp. Br. at 9. The question that remains is whether the Lanham Act may be construed in a fashion consistent with these constitutional principles.

Here too respondents give up much legal ground. First, they offer no legal support for their theory that "origin" means a product's "true creator," as opposed to its manufacturer or source of production. Resp. Br. at 2. Second, they concede that neither Dastar's use of its own name nor its omission of respondents' names was a false designation. *Id.* at 9-10.

1. Here and elsewhere, respondents obscure the difference between the original TV series and the New Line videotapes, which are not the origin of Dastar's video series even under the theory proposed by respondents. *See infra* at 4. Respondents foster this confusion by giving both products a single carefully undefined name—*Crusade in Europe*. *Compare* Resp. Br. at 24 (*Crusade* means the New Line video set), *with id.* at 3 (*Crusade* means the TV series).

Third, they abandon the position they took below and acknowledge that many factors, not just product similarity, enter into a determination of likely confusion. *Id.* at 34. Only Dastar's "by another person" argument provokes a wholehearted legal defense. *Id.* at 21-22.

But it is not enough for respondents to win one out of four falls. Each of these statutory elements is a predicate to liability under Lanham Act § 43(a)(1)(A). If Dastar prevails on any of them, the judgment below must be reversed.

I. Dastar Did Not Make a False Designation of Origin

A. "Origin." As Dastar's petition pointed out, the lower courts have increasingly used the Lanham Act to provide an unintended and constitutionally questionable "supplement" to copyright and patent protection. Pet. at 8. The principal reason the lower courts have fallen into this error is their expansion of "origin" to include creative contributions. Pet. Br. at 25-27.

To avoid this result, both Dastar and the Solicitor General stress, "origin" should be read in parallel with the Act's definition of trademarks—words and symbols that "identify and distinguish" one manufacturer's goods "from those manufactured or sold by others and [that] indicate the source of the goods." 15 U.S.C. § 1127 (2000); *see* U.S. Br. at 19-20, 24; Pet. Br. at 21. Requiring that goods bear the names of their "creators" as well as the names of their manufacturers would revolutionize trademark law, calling into question a wide range of beneficial "private label" practices and greatly limiting what all parties now agree is a constitutional right to copy and to use works in the public domain. Indeed, it would unsettle the framework established by several of this Court's recent decisions construing the Lanham Act. To take two examples, both Wal-Mart and TrafFix Devices could be sued under respondents' theory for not crediting the original creators of their clothing designs and traffic signs. *See* U.S. Br. at 20; Pet. Br. at 26.

1. Respondents do not address these points; they simply assume without argument that "origin" means "creative input." Resp. Br. at 20. Using the accepted Lanham Act definition, however, there is no doubt that Dastar was the sole

origin of its product. As the court of appeals recognized, and respondents do not dispute, "the series [was] manufactured by Dastar." Pet. App. at 3a. Therefore, Dastar had a right to put its name on its product. Resp. Br. at 9. That should be the end of the matter. Respondents offer no reason to think that the Act gives products with creative content two separate "origins" to be determined by two separate analytical routes, or that authors need two parallel forms of protection—one under copyright and another under the Lanham Act.

2. Even if the Lanham Act did require disclosure of the "true creator" of a work, Resp. Br. at 2, clearly New Line and SFM do not qualify. As respondents acknowledge, Dastar created its product from the original TV series, not the New Line videotapes. Resp. Br. at 3. New Line and SFM made no contribution at all to the TV series. Pet. App. at 10a-12a. (Indeed, they made no *creative* contribution even to their own videotape series.)

Only Fox remains. Respondents say that Fox "participated in the creative process" for the TV series because its employee "reviewed scripts and film footage for each episode, commented on drafts and rough cuts, and oversaw the production process." Resp. Br. at 3; Pet. App. at 25a. This statement is drawn from a witness declaration carefully crafted for litigation; but it is greatly clarified by the contemporaneous 1948 contract, which gave Time, not Fox, complete creative control: "All of the contents (including the newsreel pictures, narration, sound, and any music therein) of the Pictures shall be determined by Time, subject to the provisions of this agreement." S. App. at 85.

Fox's contractual right to "review," to "comment," and to "oversee" was strictly limited; it had four days to review each script and to identify material which might "adversely affect the reputation of General Eisenhower or which Fox believes will involve Fox in liability." S. App. at 74. Fox's role, in short, was more censor than creator. (By that standard, of course, the Inquisition "participated in the creative process" of Galileo Galilei.)

3. Perhaps hoping to avoid scrutiny into their creative contribution, respondents offer what seems to be yet another

definition of "origin"—one not made below, or indeed by any party in any court, so far as we are aware. Respondents say that Dastar made a false designation of origin by implying that its product was "an entirely new documentary." Resp. Br. at 24. Under this previously undiscovered theory, a false designation of origin occurs every time a company takes an old product—toothpaste, say, or bleach—and relaunches it under a new name. Respondents cite no support for this proposition; and they offer no reason to adopt it.

a. In fact, false claims of novelty are already addressed under a different part of the Lanham Act. Section 43(a)(1)(B) bars misrepresentations of "the nature, characteristics, [or] qualities" of a product. *See, e.g., Laitram Mach., Inc. v. Carnitech A/S*, 884 F. Supp. 1074, 1083 (E.D. La. 1995) (addressing "new and improved" claim). Respondents did not (and cannot) sue Dastar under this provision, which applies only in the context of "commercial advertising or promotion," requires a materially false or misleading statement, *i.e.*, one that has an effect on purchasing decisions, governs only representations of "geographic" origin, and requires proof of actual deception for monetary relief.[2]

b. In any event, as Dastar's producer testified, "we were making a brand new production." JA at 331a. The principal creativity in even the original TV series was the selection and arrangement of public domain footage to tell the wartime story of General Eisenhower. Dastar truncated, revised, edited, and reordered the material, then supplemented it with new matter to tell a different story—to "make it a story of World War II rather than an Eisenhower story." JA at 176a. "We decided to take out all material that would interfere with the flow of the product; and [references to General Eisenhower's book] did interfere, in my estimation, so we did delete all reference to the book, the covers and a few other things." JA at 329a.

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2 *See* John T. Cross, *Giving Credit Where Credit Is Due: Revisiting the Doctrine of Reverse Passing Off in Trademark Law*, 72 Wash. L. Rev. 709, 741 (1997); J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 27:35, at 27-60 to 27-61, § 27:41, at 27-73, § 27:42, at 27-75 (4th ed. 2002). In the lower courts and here, respondents elected to proceed solely under subparagraph (A). *See* Pet. App. at 50a-51a; JA at 130a-31a. They disclosed no witnesses or documents in support of a subparagraph (B) claim before the discovery cutoff date.

Not only was it a new story, it was in a new form. Instead of a rarely shown TV series, Dastar packaged and offered it in videotape form, with all of the convenience and opportunities for repeated viewing that this new format permits. Plus, there were no commercials. By any measure, Dastar's videotape series was a new and different product from the old TV series—far more so than the New Line videos.

B. "False designation." Recognizing that Dastar had every right to put its own name on its product and that it was not obliged to give respondents credits, Resp. Br. at 9-10, respondents must find a new "false designation" or abandon the case. Their solution is to argue that, in combination, Dastar's use of its own name, its omission of respondents' names, and a couple of additional facts (the title and the packaging) amount to a pack of "lies," even "outright lies," *see, e.g., id.* at 13 & 18, though in their calmer moments respondents acknowledge that these scraps add up at best to a "misleading claim," "false impression," or "half-truth." *See, e.g., id.* at 18, 29 & 27.

1. In fact, as already discussed, *supra* at 1-2, each of the four facts on which respondents' entire case rests—the credits Dastar used, the credits Dastar didn't use, Dastar's title, and Dastar's packaging—reflect legitimate business and editorial judgments, not an intent to confuse consumers. Respondents' effort to turn omissions and inferences into a false designation also fails as a matter of law. Section 43(a)(1)(A) is not a general purpose consumer fraud statute that must be read broadly so no wrongdoer can escape. It is a weapon wielded principally by businesses against their competitors and critics. Pet. Br. at 36 & n.40. And the Congress that redrafted section 43(a) was well aware of the risks if it allowed competitors to bring suit over *arguably* false claims and "half-truths." It expressly refused to make "omission of material information" grounds for liability under section 43(a), insisting on more robust protections for speech. 134 Cong. Rec. 31,850-51 (1988) (statement of Rep. Kastenmeier). Finally, respondents' new theory comes too late to salvage the rulings below, which rest on respondents' now-abandoned theory that the omission of

respondents' names was by definition a false designation. JA at 259a-60a, 376a-77a.

2. Respondents claim that their reading of the Act will not lead to abuses because companies that copy from the public domain will have no trouble finding a safe harbor from liability. Resp. Br. at 20, 27. These assurances are illusory.

a. Far from eliminating the Catch-22 created by its reading of the Act, Pet. Br. at 36-37, respondents in fact seek to add a new one by objecting for the first time to Dastar's title. Under the rule proposed by respondents, if Dastar uses a different title from the original TV series, as it did, it is guilty of falsely claiming to have created a new product. And if Dastar uses *Crusade in Europe* as its title, it will be sued for trademark infringement and for falsely implying respondents' sponsorship of its product. *See, e.g., Nintendo of Am., Inc. v. Dragon Pac. Int'l*, 40 F.3d 1007, 1011 (9th Cir. 1994).

While respondents suggest that Scylla and Charybdis may both be avoided with a proper disclaimer, Resp. Br. at 20, their assurances ring hollow. Respondents' enthusiasm for bringing suit against future competitors remains palpable, *id* at 18 n.5, and they are careful only to hint that Dastar's warning stickers "could" have been adequate if Dastar had "refined this solution" in some unspecified way. *Id.* at 27. (In the lower courts, they dismissed this idea out of hand. JA at 130a; *see also* JA at 73a.) The liability high-wire act they seek to impose on Dastar contrasts starkly with the Federal Trade Commission decisions that respondents cite. Resp. Br. at 19. Those cases were brought by the Commission, not a hostile competitor, and they resulted in prospective "cease and desist" orders specifying in some detail the kind of disclaimer required; they did not impose double damages retroactively after a high-stakes guessing game. *See, e.g., Bantam Books, Inc. v. F.T.C.*, 275 F.2d 680, 681 (2d Cir. 1960).

b. Respondents' contention that Dastar could have avoided suit by claiming no credit for itself is disingenuous. Resp. Br. at 16. Dastar was the manufacturer, and it is in consumers' interest to know who takes responsibility for the product they have bought. What's more, at the point of sale, Dastar's packaging can hardly be said to have overemphasized

Dastar's name. Indeed, Dastar made a less prominent display of its name than New Line, which added nothing to the TV series' content but which nonetheless put its logo on the spine of all six tapes. New Line also omitted any reference on its packaging to the creative "origin" of its product—the original TV series. In short, if anyone sought to foster the impression that it was the sole author of a product to which in fact it made no creative contribution, it was New Line. This is strong evidence that neither the law nor industry practice requires the disclosures now sought by respondents.

c. Respondents also suggest that Dastar could have added text to its videotape explaining the limited nature of its creative contribution. Resp. Br. at 16. Even if such post-sale disclosure had value to consumers, this notion ignores the unforgiving nature of film credits. Because they scroll by quickly, they must say in a single word what lawyers might prefer to put in prospectus form. Especially within these constraints, Dastar's credits are accurate even if one takes respondents' view of its creative contribution. After all, Dastar could have used its mark to build a reputation for identifying and introducing vivid war footage from other sources, so that customers in the future would look to Dastar for additional products of that sort—all without ever suggesting that Dastar was the original "creator" of the products it is introducing. Seeking to express such a quasi-editorial role, Dastar might have chosen another one-word credit—"Dastar Introduces" or "Dastar Selects"—but "Dastar Presents" carries much the same meaning. *See American Heritage Dictionary of the English Language* 1432 (3d ed. 1996) (to "present" means "[t]o introduce . . . [t]o offer for observation, examination, or consideration; show or display").[3] Similarly, the single most apt term for a person who arranges, funds, selects, and edits a public domain work is "producer," a word whose elasticity was thoroughly canvassed in Dastar's opening brief. Pet. Br. at 28-30.

3. Respondents make the remarkable claim that it is better to display a logo that specifies no role at all at the front of a film, as New Line did, than to identify a more limited role, as Dastar did. Resp. Br. at 27 n.9. Had Dastar simply put its logo on the film without explanation, however, there is little doubt that respondents would now be arguing that this was a particularly egregious claim of authorship.

C. Likelihood of confusion. Egged on by respondents, JA at 379a-80a, the lower courts improperly presumed a likelihood of confusion based on a finding of "bodily appropriation." Pet. App. 3a-4a. But even respondents now agree that courts gauging likelihood of confusion should apply "a non-exclusive list of factors," Resp. Br. at 34, a view also expressed by every *amicus* to brief the issue.[4] Now respondents seek to salvage their summary judgment by scouring the record for evidence of likely confusion. But it is too late for that. Respondents, who bear the burden of proof, failed to produce evidence on the factors by the lower court's deadline, relying instead on their argument that the only relevant factor was "bodily appropriation." JA at 379a-80a. Reversal, rather than remand, is the most appropriate remedy, particularly because the relevant factors and the evidence in the record make clear that consumer confusion is most unlikely.

1. While plaintiffs need not prove actual confusion, if substantial time goes by without real-world confusion, an inference arises that confusion is not probable. *See Aktiebolaget Electrolux v. Armatron Int'l, Inc.*, 999 F.2d 1, 4 (1st Cir. 1993). The lack of actual confusion is particularly telling here, because respondents insist that the point of Dastar's videotape series was to fool customers into buying two versions of the same material, Resp. Br. at 25, something that would surely have caused customers to complain—at least to respondents, who, the district court noted, charged a "substantially greater price" than Dastar. Pet. App. at 19a. Dastar's videotape series was on the market for at least four years before the case went to trial, yet in all that time respondents identified not one confused customer. This is consistent as well with Dastar's experience. Asked why Dastar did not reorder stickers telling customers that the Dastar product contained footage from *Crusade in Europe* after the first 5,000 had been used up, Dastar's president explained, "[M]y people said: Why are we doing this? We haven't had any complaints. Nobody has called us." JA at 311a.

4. *See* Br. of International Trademark Association at 12-14 ("INTA Br."); Br. of American Intellectual Property Law Association at 9-10 ("AIPLA Br."); Br. of Intellectual Property Law Professors at 13-17; Br. of Malla Pollack and Other Law Professors at 2-6.

2. With the possible exception of the names of film stars, credits are rarely aimed at ordinary consumers. In practice, consumers are indifferent to the nuances of credits such as "by arrangement with," and these credits are in any event far removed from the point of sale—where confusion is ordinarily measured. *See* 3 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 23:5, at 23-17 (4th ed. 2002). Respondents have no basis for arguing that this commonsense observation requires some special evidentiary support or that it must be ignored because it is not on a list of factors they themselves describe as "non-exclusive." Resp. Br. at 34.

Respondents' principal argument is that credits must be important because writers and directors fight over them all the time. *Id.* at 37. But that does not make credits important to *consumers*. Writers and directors—even key grips and Foley artists—all want credits, not so much to attract consumers but to attract the attention of producers assembling cast and crew for their next project. In the small world that reads credits with care, moreover, even the most deliberate substitution of Dastar's credit for Fox's would not lead industry insiders to view Dastar as a plausible substitute for Fox the next time a TV series must be created.

3. Dastar described at length in its opening brief the improbability that omitted credits would result in lost future sales—the theory on which every "reverse" passing off case rests. Pet. Br. 18-20. The independent commercial conduct of both Fox and Dastar confirms this improbability: neither emphasized its name on the point-of-sale packaging of their video sets. Respondents are wrong in suggesting that this point has been removed from the case by the district court's statement—during the damages phase, not the liability phase—that "each plaintiff lost valuable goodwill" as a result of Dastar's acts. Resp. Br. at 37.[5]

5. The district court's statement is not only unexplained; it is also undercut by this Court's recent jurisprudence. Copyright owners always lose some goodwill when their monopolies expire; this is part of the constitutional design. Claims based on such a loss of goodwill cannot be used to extend Fox's monopoly under the banner of the Lanham Act. *Cf. TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23, 35 (2001).

4. Dastar's videotape series is certainly not proximate in the market to a TV series distributed over the air half a century ago. Even the New Line videotape series is sold in different channels. Respondents obtained in discovery a complete list of the discounters and price clubs that distribute Dastar's products. Pet. App. at 19a; 9th Cir. Excerpts of Record 2456-61. Yet they did not identify a single company that sells both the Dastar and the New Line video series. JA at 133a-53a.

5. Respondents' treatment of other factors is equally cavalier. They ignore the difference in the parties' marks, and especially the strength of their marks—both factors suggesting that ambiguities in the credits are unlikely to leave consumers confused about whether Dastar's capabilities match those of respondents. And they make no plausible claim that the vintage TV series is still widely recognized by consumers. *See Schatt v. Curtis Mgmt. Group, Inc.*, 764 F. Supp. 902, 914 (S.D.N.Y. 1991). Respondents' claims about Dastar's intent to deceive consumers are based entirely on their improper application of the summary judgment standard. And the sophistication of consumers is hardly irrelevant, as respondents would have it. Resp. Br. at 35. Consumers are quite sophisticated enough to know that generic videotapes sold at Wal-Mart and other discounters are likely to be inexpensively produced films from the public domain rather than made-from-scratch productions from major studios.

D. Origin "by another person." As amended in 1988, the Lanham Act provides a remedy only where a seller's false designation of origin causes confusion "as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities *by another person*." 15 U.S.C. § 1125(a)(1)(A) (2000) (emphasis added). Thus, a seller's liability depends on whether it has led consumers to believe that its goods were originated, sponsored, or approved by another person.[6]

1. Respondents argue that "origin . . . by another person" is ungrammatical, but it is their reading that defies both

6. Dastar did not waive this challenge to the legal basis for reverse passing off. The petition directly stated Dastar's position "that 'reverse passing off' has little basis in the [Lanham] Act or in policy." Pet. at 13.

grammar and syntax. Resp. Br. at 21. Respondents read the statute as though it spoke of confusion "as to the origin. And as to the sponsorship and approval of his or her goods . . . by another person." This not only ignores the proper reading of a three-item list, but also begs an obvious question: the origin of what? Respondents' tortured reading also differs from the structure of other parts of the statute that were drafted at the same time and that use a parallel construction consistent with Dastar's reading. *See* 15 U.S.C. § 1125(a)(1)(A) ("the affiliation, connection, or association of such person with another person"); *see also* 15 U.S.C. § 1125(a)(1)(B) (2000) ("the nature, characteristics, qualities or geographic origin of his or her or another person's goods, services, or commercial activities").

2. Respondents also claim that the statute is really concerned with confusion about whether the goods "were *or were not*" produced by another person. Resp. Br. at 22. But if Congress had intended this meaning it would have left "by another person" out of the statute entirely, instructing courts simply to look for confusion "as to the origin of his or her goods." A statute that omits "by another person" is, of course, exactly what respondents hope to achieve, but there is no reason for this Court to accept their view that the phrase is best treated as surplusage.[7]

3. Nor are respondents aided by the 1988 Senate Report's statement that it intended to codify the interpretation that the courts had given to section 43(a). Resp. Br. at 22; S. Rep. No. 100-515, at 40 (1988), *reprinted in* 1988 U.S.C.C.A.N. 5577, 5603. While the history does show Congress's approval of existing "passing off" jurisprudence, as members of this Court have noted, *e.g.*, *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992) (Stevens, J., concurring), it contains not a single approving reference to "reverse" passing off, a doctrine that still divided the circuits in 1988; certainly there was no reason

7. The Solicitor General offers no support for respondents' claim under subparagraph (A) when he observes that *Smith v. Montoro*, 648 F.2d 602 (9th Cir. 1981), is "grounded in the text of Section 43(a)." U.S. Br. at 15. The Solicitor General goes on to note that *Montoro* was decided before the 1988 amendments and that *Montoro* may now fit best under subparagraph (B) of the revised statute. *Id.* n.8.

for Congress to incorporate a contradictory body of law into the Act. *See Boothroyd Dewhurst, Inc. v. Poli*, 783 F. Supp. 670, 682-83 (D. Mass. 1991) (First Circuit does not recognize reverse passing off claims; citing *Clamp-All Corp. v. Cast Iron Soil Pipe Inst.*, 851 F.2d 478, 491 (1st Cir. 1988)). Further, the Senate Report was equally clear in declaring that "the committee expects the courts to continue to interpret the section," S. Rep. No. 100-515, at 40, and respondents' view would require this Court to stop interpreting the section, at least as of 1988.

In any event, the Senate Report cannot override the text of section 43(a), particularly since the report was written well *before* section 43(a) was substantially revised in an unusual quasi-conference involving "weeks of private negotiations between House and Senate staffers." *Trademark Bill Approved*, Congressional Quarterly Almanac 116 (1988).

4. The Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (1988) ("BCIA"), offers no reason to read "by another person" out of the Act. In passing the BCIA, Congress never even mentioned *Montoro*, and the Solicitor General, whose brief is filed with an eye to "ensuring that domestic law is consistent with . . . the Berne Convention," U.S. Br. at 1, suggests that *Montoro* itself can survive perfectly well even if reverse passing off is entirely excluded from the scope of subparagraph (A). U.S. Br. at 17 n.8.

In addition, the BCIA actively discourages courts from relying on the Convention for guidance in developing U.S. case law. It stresses that the Convention is not self-executing and that the courts are not to give the Convention effect independent of Congress's express enactments.[8] Compliance

8. 102 Stat. at 2853-54. Indeed, there is ample evidence that the United States was invited to join the Berne Convention not on the strength of its assurances about the future course of Lanham Act jurisprudence, but because Convention members wanted U.S. accession badly enough to waive strict compliance with the moral rights portion of the Convention. *See* Wilhelm Nordemann, Kai Vinck & Paul Hertin, *International Copyright and Neighboring Rights* 86-87 (Gerald Meyer trans., 1990) (citing 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright* § 8D.02). Thus, when the Director General of the World Intellectual Property Organization (Secretariat for the Berne Convention) testified to Congress that moral rights did not need to be augmented in the United States in order for the United

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with the Convention is thus a matter for Congress, which has more than fulfilled any U.S. obligations through carefully tailored enactments such as the Visual Artists Rights Act. *See* U.S. Br. at 23-24; Pet. Br. at 30-31.[9]

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It is clear that the Ninth Circuit erred in upholding summary judgment on Dastar's liability. There are significant factual disputes on every element of respondents' claim. But that does not make further proceedings necessary. If this Court agrees with Dastar that "origin" does not mean "creative input," the case is over; respondents' entire claim rests on that legal assumption. So too with the second issue: if "false designation" may not be stretched to cover what respondents call "half-truths," the case ends here. Third, respondents have abandoned their chance to relitigate likelihood of confusion. And finally if the phrase "by another person" is given its natural meaning, respondents have no claim. Only if respondents prevail on all four statutory elements is there a need to remand the case to resolve the factual issues that remain.

II. The Profits Award and Its Enhancement Were Improper

A. The Award. The lower court's order requiring that Dastar disgorge its profits was grounded entirely in deterrence and thus violates the "subject to the principles of equity" clause.

(Cont'd)
States to join the Berne Convention, he said nothing about reverse passing off or *Smith v. Montoro. Hearings before Subcommittee on Patents, Copyright and Trademarks, of the Senate Committee on the Judiciary*, 99th Cong. 12 (1985).

9. *International News Service v. Associated Press*, 248 U.S. 215 (1918), does not require the survival of reverse passing off under the Lanham Act. The case did not involve application of the not-yet-enacted Lanham Act, but instead applied pre-*Erie* common law. What's more, the case generally has been limited to its unique facts. *See* Restatement (Third) of Unfair Competition § 38 cmt. c (1995); *Fin. Info., Inc. v. Moody's Investor Serv., Inc.*, 808 F.2d 204, 208 (2d Cir. 1986) (*International News* established only the "'hot news' doctrine"); *Speedry Prods., Inc. v. Dri Mark Prods., Inc.*, 271 F.2d 646, 649 (2d Cir. 1959) ("Because of the complexity of the facts [the decision] is sui generis"); *Cheney Bros. v. Doris Silk Corp.*, 35 F.2d 279, 280 (2d Cir. 1929) (L. Hand, J.) (same).

1. This issue has not been waived. Dastar's petition clearly separated the making and the doubling of the profits award and challenged both. It noted circuit splits on the two issues—whether such awards "may be made *and increased* solely for purposes of deterrence," Pet. at 19 (emphasis added)—and it quoted the D.C. Circuit's holding that "deterrence alone cannot justify an award" of profits. *ALPO PetFoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958, 969 (D.C. Cir. 1990).[10]

2. While it is true that disgorgement was historically a common remedy for trademark infringement, respondents' authority for this proposition, James M. Koelemay, Jr., *Monetary Relief for Trademark Infringement under the Lanham Act*, 72 Trademark Rep. 458 (1983), in fact supports Dastar's position that "the Lanham Act makes all recoveries 'subject to the principles of equity,'" from which it follows that "purely deterrent awards are foreclosed." *Id.* at 519. As respondents recognize, disgorgement of profits was common because trademark plaintiffs were "often unable to prove the extent of their losses from infringement." Resp. Br. at 39. Dastar agrees. When this happens in an ordinary passing off case, disgorgement *is* compensatory—because the defendant's sales of misbranded goods provide a rough measure of the plaintiff's losses. But in a reverse passing off case that is not true; there is no reason to think that anyone who bought from Dastar was actually trying to buy from respondents—or that any of Dastar's profits can be attributed to the alleged violations. As this Court has held, a disgorgement award cannot be squared with equity if it awards the plaintiff "profits which are not attributable to the infringement." *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 399 (1940); *see* AIPLA Br. at 17; INTA Br. at 29.

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10. *See also* Pet. at 21 (objecting to lower courts "treating deterrence as sufficient to monetary relief and, indeed, warrant enhancement"). This issue was also raised below. *See, e.g.*, Appellants' 9th Cir. Br. at 53 ("giving plaintiff a right to recover the profits from defendant's sale is not an appropriate measure of plaintiff's loss in reverse passing off cases") (internal quotations omitted). Furthermore, the power of the district court to award profits is "antecedent to . . . and ultimately dispositive of" its power to enhance such awards. *U.S. Nat'l Bank of Ore. v. Indep. Ins. Agents of Am., Inc.*, 508 U.S. 439, 447 (1993).

3. Finally, the district court's statements about respondents' injury, Resp. Br. at 39-40, cannot disguise the fact that in the end the court did not award any actual damages—probably because respondents made no effort to prove them.[11] Instead, the court moved directly to a calculation of Dastar's profits. In doing so, it did not ask whether a profits award was justified by principles of equity or whether Dastar's profits in fact derived from its alleged misdeeds. Pet. App. at 26a. It based the award solely on Dastar's "willful" lack of research into the contributors to the decades-old public domain TV show. *Id.* The court's failure to consider principles of equity in making its award was error.

B. The Enhancement. The district court's enhancement of the award fails for the same reasons—and more. Respondents concede that enhanced awards are "subject to the principles of equity," Resp. Br. at 44, and that these principles do not permit an award of punitive damages. Resp. Br. at 41 n.16. The lower courts' enhanced award was indistinguishable from a punitive award and thus is barred by these concessions.

1.a. The doubled award also violates the "compensation and not a penalty" clause. Respondents argue that the clause is not prescriptive but descriptive. Resp. Br. at 40. By this they mean that the clause does not limit the courts but instead assures them that no matter how much they may enhance an award, the result will nonetheless be deemed compensatory by Congressional fiat. This unlikely view has not found favor in the courts. *See Sands, Taylor & Wood v. Quaker Oats Co.*, 34 F.3d 1340, 1347 (7th Cir. 1994) (clause "generally has been construed in the caselaw as a limitation on the authority of courts to impose enhanced monetary judgments"), *amended in other part on reh'g*, 44 F.3d 579 (7th Cir. 1995). Nor is it shared by the nation's two most prominent associations of trademark attorneys. *See* AIPLA Br. at 17; INTA Br. at 26. Even the definitions of "constitute" that respondents pluck from the

11. Respondents called none of their employees (and no experts) on the question of damages; the only witnesses were Dastar employees who testified about Dastar's production and sales. 9th Cir. Excerpts of Record 2375-76 ("ER").

dictionary lend no support to their interpretation, which would not be more persuasive if Congress had said that enhanced awards must "equal," "form," or "compose" compensation. Resp. Br. at 41. And respondents' appeal to the clause's legislative history, *id.* at 42, depends on a reading of the 1909 Copyright Act that is inconsistent with this Court's own interpretation. *Douglas v. Cunningham*, 294 U.S. 207, 209 (1935) (clause permits awards that provide plaintiffs "some recompense . . . where the rules of law render difficult or impossible proof of damages").[12]

But most important, respondents' position contradicts the understanding that led Congress to amend the Lanham Act in 1984—with the specific purpose of revising the "compensation and not a penalty" clause. Congress, unlike respondents, saw the clause as a real limit on enhanced awards. Respondents suggest that the 1984 amendment authorizing punitive treble damages was meant to override the "principles of equity" clause rather than the "compensation and not a penalty" clause. Resp. Br. at 47 n.21. This flies in the face of the 1984 Senate Report, which does not mention the "principles of equity" clause but which does quote the "compensation and not a penalty" clause just before saying, "This proviso is out of place in the context of commercial trafficking in known counterfeits. . . ." S. Rep. No. 98-526, at 6 (1984), *reprinted in* 1984 U.S.C.C.A.N. 3627, 3632.

b. Respondents argue that the reading adopted by Congress, courts, and bar must be wrong because it renders the clause superfluous. But this failing is better ascribed to respondents' position—as its inventor and proponent candidly admitted: "Courts that ignore the clause are not disrespectful of it." Ralph S. Brown, *Civil Remedies for Intellectual Property*

12. Similarly, the earlier version of the "compensation and not a penalty" clause that they identify offers no more support for their reading than the enacted version, Resp. Br. at 42; their interpretation also conflicts with the intent of the principal drafter, Edward Rogers, who was not just another witness, as respondents would have it, but a central figure whose role in enactment of the Lanham Act has long been recognized by the courts. *See Getty Petroleum Corp. v. Bartco Petroleum Corp.*, 858 F.2d 103, 109-11 (2d Cir. 1988).

Invasions: Themes and Variations, 55 Law & Contemp. Probs. 45, 75 (1992).

Respondents also imagine that "[o]n Dastar's view, the validity of an enhanced award . . . depends in large part on the motivation of the judge who enters the award." Resp. Br. at 44. If by that they mean that the validity of an award depends in large part on whether the judge provides a persuasive compensatory reason for making the award, Dastar agrees. But that is true of any law that grants to courts an authority that may be exercised only for certain purposes. Again, the criticism is better aimed at respondents' reading, which would give courts a standardless discretion to impose the harshest of enhancements so long as they took a moment to slap a "deterrence" label on their awards.

2. Respondents argue in the alternative that purely deterrent enhancement is permissible even if the "compensation and not a penalty" clause does impose limits on judicial awards. They begin by distinguishing at length the "concepts" of deterrence and punishment, arriving at the conclusion that a deterrent award is "not a penalty." Resp. Br. at 45-46. But this is only half of the clause. Even if a purely deterrent increase is "not a penalty" it still cannot be characterized as "compensation."

Further, respondents' elaborate discussion fails to acknowledge that this Court has already provided a definition of "penalty"—in an opinion delivered while Congress was considering the Lanham Act: "We perceive no ground for saying that . . . as a means of compensation, the court may make an award of profits which have been shown not to be due to the infringement. That would be not to do equity but to inflict an unauthorized penalty." *Sheldon v. Metro-Goldwyn Pictures Corp.*, 309 U.S. 390, 405 (1940). On that definition of penalty, the lower courts' award cannot stand.

Respondents' final two points are no more persuasive. Even if deterrence is sometimes the basis of injunctive relief, as respondents argue, Resp. Br. at 48, the "compensation and not a penalty" clause does not limit injunctions; and Congress could reasonably decide to impose stricter limits on retrospective monetary awards. *Cf. Edelman v. Jordan*, 415 U.S.

651, 676 (1974). Less persuasive still is respondents' attempt to turn the weak policy basis for "reverse" passing off cases into a strength. Because the damages caused by reverse passing off are so remote and speculative, they argue, the courts should not require a showing of damages; instead, courts should simply issue monetary awards to plaintiffs who cannot show that they have been injured. Resp. Br. at 49. To state this argument is to refute it.

CONCLUSION

The judgment of the court of appeals should be reversed.

Respectfully submitted,

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In the Supreme Court of the United States

DASTAR CORPORATION, PETITIONER

v.

TWENTIETH CENTURY FOX FILM CORPORATION, ET AL.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF FOR THE UNITED STATES AS AMICUS CURIAE SUPPORTING PETITIONER

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QUESTION PRESENTED

The United States will address the following question:

Whether and to what extent the Lanham Act, 15 U.S.C. 1125(a), prevents the uncredited copying of a work.

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INTEREST OF THE UNITED STATES

This case concerns the circumstances in which the Trademark Act of 1946 (Lanham Act), 15 U.S.C. 1125(a), prevents the uncredited copying of a work. The United States has a strong interest in promoting the pro-competitive policies underlying the Nation's trademark and antitrust laws, and in preventing consumer confusion as to the source of goods or services. The United States also has a substantial interest in ensuring that domestic law is consistent with the United States' international obligations under the Berne Convention for the Protection of Literary and Artistic Works, 828 U.N.T.S. 221, to which the United States has acceded. See Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853. In addition, the United States and its agencies are subject to suit under the Lanham Act. 15 U.S.C. 1122(a).

STATEMENT

1. In 1948, three and a half years after the German surrender at Reims, General Dwight D. Eisenhower completed *Crusade in Europe* (*Crusade*), his written account of the allied campaign in Europe during World War II. Doubleday published *Crusade* and registered it with the Copyright Office in 1948. Pet. App. 9a. Doubleday granted the exclusive television rights in the book to an affiliate of respondent Twentieth Century Fox Film Corporation (Fox). In 1949, Fox made a television series based on *Crusade*, and registered the series with the Copyright Office. *Id.* at 8a-10a.[1] In 1975, Doubleday renewed the copyright on the book as the "proprietor of copyright in a work made for hire." *Id.* at 9a. Fox, however, did not renew the copyright on the *Crusade* television series, Br. in Opp. 20-21 n.4, and that copyright expired in 1977.[2]

In 1988, Fox reacquired from Doubleday the television rights in Eisenhower's book, including the exclusive right to distribute the *Crusade* television series on video, and to sublicense others to do so. Pet. App. 10a. Through sublicenses, respondents SFM Entertainment (SFM) and New Line Home Video, Inc., acquired from Fox the exclusive rights to distribute the *Crusade* series on video. SFM obtained the negatives of the original television series and restored and repackaged the series on video. Respondents' *Crusade*

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[1] Fox contracted with Time, Inc., to produce the television series. Pet. App. 25a, 43a. Time assigned its copyright in the series to Fox. *Id.* at 9a.

[2] The validity of Doubleday's renewed copyright in the book remains at issue in this litigation, and is not addressed by this brief. If Doubleday's renewed copyright on the book is determined to be valid, it will not expire for several decades (until 2043) due to Congress's determination to extend existing and renewed copyrights in 1978 and 1998. See 17 U.S.C. 302, 304, as amended; *Eldred* v. *Ashcroft*, No. 01-618 (Jan. 15, 2003), slip op. 3-5. If Fox had renewed its copyright on the *Crusade* television series, that copyright also would be in effect today and for decades more.

videos are a "direct reproduction" of the television series and bear the same title as that series. *Id.* at 11a, 12a. The videos credit New Line, SFM, "A March of Time Production By Arrangement with 20th Century Fox," and Eisenhower and his book. *Id.* at 11a.

In 1995, petitioner, anticipating renewed interest in World War II on the 50th anniversary of the war's end, released a competitive video series entitled *Campaigns in Europe* (*Campaigns*). To make *Campaigns*, petitioner purchased tapes of the original *Crusade* television series, copied them, and then edited the series. Pet. App. 13a, 45a; see J.A. 247a-248a. In revising the *Crusade* series, petitioner's director of video acquisitions, Lanny Tarter, substituted a new opening sequence, credit page, and final closing for those in the *Crusade* series; substituted 26 new chapter-title sequences (which corresponded to the chapter-title sequences in the *Crusade* series); removed references to and images of the book; moved the "recap" in *Crusade* to the beginning of *Campaigns* and retitled it as a "preview"; added music; and narrated chapter introductions written by petitioner. *Ibid.*; see Pet. C.A. Br. 26, 28. The *Campaigns* series is nearly an hour shorter than respondents' *Crusade* series, and has about 30 minutes of new footage. Pet. 5.

Petitioner manufactured and sold the set of *Campaigns* videotapes as its own good. The screen credits appearing on petitioner's *Campaigns* videos state "DASTAR CORP presents" and "an ENTERTAINMENT DISTRIBUTING Production," and list Norman Andersen, petitioner's president, as "executive producer"; Tarter as "producer"; and Barbara Kaye, Tarter's assistant, as "associate producer." Pet. App. 18a, 45a; see Supp. J.A. 1-9. Petitioner's *Campaigns* series makes no reference to the *Crusade* television series or Eisenhower's book. Pet. App. 18a. The packaging for the *Campaigns* videos similarly contains no reference to the *Crusade* television series, and states: "Produced and Distri-

buted by: Entertainment Distributing" (owned by petitioner). Supp. J.A. 28-29.

Petitioner sells its *Campaigns* video series to Sam's Club, Costco, Best Buy, and other retailers and mail-order companies for $25 per set, substantially less than the *Crusade* video series sold by respondents. Pet. App. 19a.

2. In 1998, respondents brought this action alleging that petitioner's sale of its *Campaigns* video series infringed Doubleday's copyright in Eisenhower's book and, by extension, their exclusive television rights in the book. Respondents later amended their complaint to claim that petitioner's sale of *Campaigns* "without proper credit" to the *Crusade* television series constitutes "reverse passing off" in violation of the Lanham Act, 15 U.S.C. 1125(a), and state unfair competition law. Pet. App. 31a. On cross-motions for summary judgment, the district court entered judgment for respondents on all three counts. *Id.* at 55a.

To prevail on their reverse passing off claim under the Lanham Act—the only claim at issue in this Court—the district court stated that respondents must show that petitioner's *Campaigns* series "is a 'bodily appropriation' of the television series," which the court defined as the "copying or unauthorized use of substantially the entire item." Pet. App. 25a-26a. The court found that *Campaigns* amounts to such a copy, and violates the Lanham Act due to petitioner's failure to credit *Crusade*, stating: "[petitioner's] failure to identify the television series and the Book is misleading to the public; it gives the false impression that the series contains only the work of those listed in the credits even though the television series was produced by Fox and Time and significant portions of the Book are used verbatim." *Id.* at 53a.

To remedy that violation, the court found that respondents are entitled to actual damages in the amount of lost sales and good will from petitioner's infringing conduct, as well as double petitioner's profits from the sale of *Campaigns*. Pet. App. 25a-26a. In addition, the court awarded damages and injunctive relief on respondents' copyright infringement claim. *Id.* at 22a-23a.

3. The court of appeals affirmed the judgment for respondents on the Lanham Act claim, but reversed as to the copyright claim and remanded. Pet. App. 1a-6a. With respect to the Lanham Act claim, the court reasoned that "[petitioner] copied substantially the entire *Crusade in Europe* series created by [Fox], labeled the resulting product with a different name and marketed it without attribution to Fox." *Id.* at 3a. The court rejected petitioner's argument that respondents were required to "make an independent showing that the series manufactured by [petitioner] resulted in consumer confusion," reasoning that petitioner's "'bodily appropriation' of Fox's original series is sufficient to establish the reverse passing off." *Id.* at 3a-4a.[3]

SUMMARY OF ARGUMENT

Federal law grants extraordinary protections to the owners of a patent or copyright to prevent the uncredited and credited copying of original works, but those protections are necessarily available only for limited terms. Once a copyright or patent expires and a work enters the public domain, federal law generally allows, indeed encourages, the copying of the work to promote competition, but not without limitation. The Lanham Act—the federal trademark law—protects consumers from confusion as to the source of goods and, in particular, establishes a federal remedy against the "false designation of origin" or "false or misleading description of fact" with respect to a good that is "likely to cause

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[3] As to the copyright claim, the court of appeals concluded that a triable issue exists related to whether Doubleday properly renewed the copyright on the book in 1976. See Pet. App. 2a, 47a. The copyright issue is not before the Court, see Pet. i, but remains alive in this case.

confusion * * * as to the origin, sponsorship, or approval" of the good by another person. 15 U.S.C. 1125(a)(1)(A).

Section 43(a) of the Lanham Act was designed to prevent passing off, the classic example of unfair competition. But lower courts have concluded that Section 43(a) also applies to certain types of *reverse* passing off. For example, in one leading case, the court held that Section 43(a) was violated when the distributor of a movie misattributed the name of the star of the film in the movie's advertising and credits by replacing the name of the actor who starred in the film with the name of someone who did not even appear in it. *Smith* v. *Montoro*, 648 F.2d 602 (9th Cir. 1981). So too, courts have concluded that Section 43(a) prevents a producer from obtaining the goods manufactured by a competitor, obliterating the competitor's mark, and then relabeling and reselling the same goods as the producer's own. Although they fall outside the heartland of Lanham Act protections, such misattribution and relabeling cases can be squared with a careful textual analysis of Section 43(a).

At the same time, however, Section 43(a) should not be construed in a manner that would establish a generalized duty on the part of producers to credit the original creators of works. Such a construction could overextend the Lanham Act by giving the original creators of works a perpetual *trademark* right to prevent the uncredited copying of a work, even after the work is no longer subject to *copyright or patent* protection from such copying. In addition, Congress has shown that it knows how to legislate additional protections from uncredited copying, and in 1990 did so with respect to specific artistic works. Likewise, recognizing such a duty would invite Lanham Act litigation by creators who viewed attribution as an unwelcome sign of their "approval" or "sponsorship" (15 U.S.C. 1125(a)(1)(A)) of a competitor's copy, especially where, as here, the copy is an *edited* version of the original work.

This case does not match either of the misattribution or relabeling situations in which lower courts have applied Section 43(a), and the court of appeals failed to engage in any careful analysis of respondents' reverse passing off claim under Section 43(a)'s terms. Indeed, without identifying any specific misattribution made by petitioner as to the source of *Campaigns*, the court of appeals held that petitioner was liable under Section 43(a) for distributing *Campaigns* "*without* attribution to Fox." Pet. App. 3a (emphasis added). That is, the court of appeals treated this as a non-attribution case. In addition, the court of appeals *automatically* assumed the requisite confusion based solely on the fact that *Campaigns* is substantially copied from the *Crusades* series. But that analysis improperly disregards the textual requirements in Section 43(a)(1)(A), and all but establishes a blanket rule against the uncredited copying of works in the public domain. Accordingly, the decision below should not stand.

ARGUMENT

THE LANHAM ACT PROHIBITS FALSE OR MISLEADING DESIGNATIONS THAT ARE LIKELY TO CAUSE CONFUSION AS TO THE SOURCE OF GOODS, BUT DOES NOT ESTABLISH AN INDEPENDENT DUTY TO CREDIT THE ORIGINAL CREATORS OF WORKS

A. The Creators Of Original Works That Qualify For A Copyright Or Patent Enjoy Extraordinary Protections During The Life Of The Copyright Or Patent

1. The Nation's copyright and patent systems are built on a "carefully crafted bargain." *Bonito Boats, Inc.* v. *Thunder Craft Boats, Inc.*, 489 U.S. 141, 150-151 (1989); see *Eldred* v. *Ashcroft*, No. 01-618 (Jan. 15, 2003), slip op. at 24; U.S. Const. Art. I, § 8, Cl. 8. To encourage innovation, the copyright and patent laws grant the creators of works that

qualify for a patent or copyright an exclusive right to use and benefit from their works for a period of years. See 17 U.S.C. 301-305; 35 U.S.C. 154. During that period, copyright and patent holders are free to authorize others to copy and sell their works and, in doing so, may insist through contract on receiving specified attribution for such works. But on expiration of a patent or copyright, the creation inures to the public, which is generally entitled to copy it and profit from its use. See *TrafFix Devices, Inc.* v. *Marketing Displays, Inc.*, 532 U.S. 23, 29 (2001); *Harper & Row Publishers, Inc.* v. *Nation Enters.*, 471 U.S. 539, 545 (1985).[4]

The copying of works that enter the public domain is not always welcomed by creators who have grown accustomed to the limited patent or copyright monopoly on such works, but such copying often benefits consumers by promoting competition and reducing prices. Indeed, as this Court has observed, "imitation and refinement through imitation are both necessary to invention itself and the very lifeblood of a competitive economy." *Bonito Boats*, 489 U.S. at 146; see *TrafFix*, 532 U.S. at 29 ("Allowing competitors to copy will

[4] As the Court observed in *Eldred*, slip op. 24-25, copyright law does not entail the same *quid pro quo* as patent law, but it is nonetheless built on a similar construct. In *G. Ricordi & Co.* v. *Haendler*, 194 F.2d 914, 914-915 (2d Cir. 1952), for example, Judge Learned Hand explained that after the copyright on a book published by the plaintiff had expired the public was free to copy it and sell it. The work in *Haendler* contained the libretto and vocal and piano scores from Verdi's *Falstaff*. After the copyright had expired, the defendant published "substantially an exact copy of the plaintiff's [book], save for the interpolation in the libretto of passages from Shakespeare's play." *Id.* at 914. Judge Hand explained that this was proper under federal copyright law, and further rejected the argument that the sale of defendant's copy violated state unfair competition law, where defendant "gave notice that [the copy] was his product." *Id.* at 916. See also Leon H. Amdur, *Copyright Law and Practice* § 15, at 299-300 (1936) ("By the expiration of the copyright of the novel, * * * any person could make any use of the novel which he saw fit. He could copy it, or publish it, or make a play out of it.") (citation omitted).

have salutary effects in many instances."); Restatement (Third) of Unfair Competition, § 1 cmt. a (1995) (Restatement) ("Competition in the marketing of goods and services creates incentives to offer quality products at reasonable prices and fosters the general welfare by promoting the efficient allocation of economic resources.").

2. Copyright holders also are protected by laws that honor the Nation's international commitments. In 1989, the United States acceded to the Berne Convention for the Protection of Literary and Artistic Works, 828 U.N.T.S. 221; see Berne Convention Implementation Act of 1988, Pub. L. No. 100-568, 102 Stat. 2853 (BCIA). Article 6*bis* of the Convention provides in part:

> (1) Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor * * *.

828 U.N.T.S. at 235. The article embodies the European concept of non-economic, "moral rights." H.R. Rep. No. 609, 100th Cong., 2d Sess. 33 (1988); see 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*, § 8D.01[A] (2002) (Nimmer).

In acceding to the Berne Convention, Congress carefully considered the United States' obligations under Article 6*bis* and concluded that the protections available under then-existing domestic law, including the Lanham Act, were sufficient to meet those obligations. See H.R. Rep. No. 609, *supra*, at 38 ("Based on a comparison of its laws with those of Berne member countries, and on the current status of Federal and State protections of the rights [embodied in Article 6*bis*], the Committee finds that current United States law meets the requirements of Article 6*bis*."); see *id.* at 34 n.66 ("[T]he totality of our law, including the common

law of torts, provides protection at a level sufficient to comply with the convention's [moral rights] requirements.") (quoting letter from Secretary of Commerce); S. Rep. No. 352, 100th Cong., 2d Sess. 9-10 (1988) (considering "various provisions of the Copyright Act and Lanham Act, various state statutes, and common law principles").[5]

Like domestic copyright law, the Berne Convention is limited in important respects. For example, as Congress made clear when it passed the BCIA, the Convention is "not self-executing under the Constitution and laws of the United States," and the United States' adherence to the Convention does "not expand or reduce any right of an author of a work * * * to claim authorship of the work" under existing domestic law. § 3, 102 Stat. at 2853; see 828 U.N.T.S. at 235 (Art. 6*bis*(3)). In addition, the Convention by its terms does not apply to works that have entered the public domain in their country of origin. See 828 U.N.T.S. at 251 (Art. 18(2)). While the Convention does not itself create enforceable private rights, it ensures that copyrighted works receive important protections in member states.

3. This case began as a copyright infringement action, and respondents' copyright claim is still alive. If respondents prevail on that claim, copyright law will enable them—for decades to come, see note 2, *supra*—to prevent petitioner from copying the *Crusade* television series, with

[5] In particular, the ad hoc working group advising Congress on the BCIA in 1988 pointed to the Ninth Circuit's decision in *Smith* v. *Montoro*, 648 F.2d 602 (9th Cir. 1981). See *The Implications, Both Domestic and International, of U.S. Adherence to the International Union for the Protection of Literary and Artistic Works, 1986: Hearings Before the Subcomm. on Patents, Copyrights and Trademarks of the Senate Comm. on the Judiciary*, 99th Cong., 1st & 2d Sess. (1986) (App. 424 n.23) ("*Smith* v. *Montoro* indicates, in dicta, that omission of an author's name from his work may constitute 'an implied reverse passing off' and thus violate section 43(a) of the Lanham Act.") (quoting report). As discussed in Part C, *infra*, the holding in *Montoro* is grounded in the Lanham Act.

or without attribution. But as this case comes to the Court, the question is not whether *copyright* law enables respondents to insist on attribution for the original *Crusade* series; it is whether federal *trademark* law—specifically, Section 43(a) of the Lanham Act—entitles respondents to such attribution. The court of appeals reversed and remanded respondents' copyright claim, but held that respondents nonetheless are entitled to judgment on their Lanham Act claim.

B. The Lanham Act Is Focused On Protecting Consumers Against Confusion As To The Source Of Goods And Was Designed To Prevent Direct Passing Off

Quite unlike copyright or patent law, the Lanham Act is not designed to reward innovation or encourage invention, but instead to protect the public from confusion as to the source of goods. See *Inwood Labs., Inc.* v. *Ives Labs., Inc.*, 456 U.S. 844, 854 n.14 (1982); S. Rep. No. 1333, 79th Cong., 2d Sess. 3 (1946). By preventing competitors from copying "a source-identifying mark," the Lanham Act "reduce[s] the customer's costs of shopping and making purchasing decisions." *Qualitex Co.* v. *Jacobson Prods. Co.*, 514 U.S. 159, 164-165 (1995) (quotation omitted). At the same time, by protecting such a source-identifying mark, the Lanham Act "helps assure a producer that it (and not an imitating competitor) will reap the financial, reputation-related rewards associated with a desirable product." *Id.* at 164.

As originally enacted, Section 43(a) of the Lanham Act, the provision relied on by respondents in this case, created a federal remedy against persons who used in commerce either "a false designation of origin, *or* any false description or representation" in connection with goods or services. 15 U.S.C. 1125(a) (1982) (emphasis added).[6] The provision codified "the related common-law torts of technical trademark

[6] The original and current versions of Section 43(a) are reprinted in the appendix to this brief.

infringement and passing off, which were causes of action for false descriptions or representations concerning a good's or service's source of production." *Two Pesos, Inc.* v. *Taco Cabana, Inc.*, 505 U.S. 763, 785 (1992) (Thomas, J., concurring) (citations omitted).

Passing off is the prototypical example of unfair competition and occurs where one producer attempts to sell his goods under the pretense that they are another's. See *O. & W. Thum Co.* v. *Dickinson*, 245 F. 609, 621 (6th Cir. 1917) ("The essence of unfair competition consists in palming off."), cert. denied, 246 U.S. 664 (1918); *Percy* v. *Truefitt*, 6 Beav. 66, 73 (Eng. 1842) ("A man is not to sell his own goods under the pretence that they are the goods of another man.") (Lord Langdale); 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition* § 25:5, at 25-11 (2002) (McCarthy) (Passing off is "the classic form of trademark infringement."). A producer's attempt to palm off his goods as another's directly impedes the basic objectives of trademark law by deceiving consumers as to the source of goods, and permitting one producer to capitalize on another producer's name. See *Qualitex*, 514 U.S. at 164.

In 1988, Congress amended Section 43(a) to bring it into conformity with certain developments in trademark law. See Trademark Law Revision Act of 1988, Pub. L. No. 100-667, § 132, 102 Stat. 3946; S. Rep. No. 515, 100th Cong., 2d Sess. 40 (1988). As amended, Section 43(a) still covers any "false designation of origin" or "false or misleading description of fact" about a good or service used in commerce. 15 U.S.C. 1125(a)(1)(A). But in 1988, Congress added a new requirement—in subsection (a)(1)(A)—that to be actionable such a false or misleading designation must be "likely to cause confusion * * * as to the origin, sponsorship, or approval" of one person's goods by another person. 15 U.S.C. 1125(a)(1)(A). In addition, Congress added a new section—subsection (a)(1)(B)—creating liability for such a

false or misleading designation when it "misrepresents the nature, characteristics, qualities, or geographic orgin" of goods or services "in commercial advertising or promotion." 15 U.S.C. 1125(a)(1)(B); see 4 McCarthy § 27:10, at 27-19 to 27-21.[7]

C. Although The Lanham Act Has Been Applied To Claims Of Reverse Passing Off, It Does Not Establish A Generalized Duty To Credit A Work's Original Creator

This case does not present a typical Lanham Act claim involving passing off. Petitioner has marked the *Campaigns* series as its *own* good, and respondents' claim is that petitioner violated the Lanham Act by selling its videos *without* crediting the original *Crusade* television series. That kind of claim has been characterized as "reverse passing off"—*i.e.*, a producer's attempt to sell another's good as its own—and raises different considerations under the Lanham Act.

1. Unlike regular passing off, "reverse passing off does not directly threaten the reputation of another since by definition the misrepresentation acts to *sever* the actual producer's association with the goods or services marketed by the actor." Restatement § 5 cmt. a (emphasis added). In addition, reverse passing off may not create the immediate deception caused by passing off. As one commentator has explained, "[i]n a case of reverse passing off, * * * consumers assume that the product comes from the defendant. If defendant has no reputation for quality, a situation that is fairly common in the cases, consumers are not deceived be-

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[7] Congress has established other measures to prevent unfair trade practices. In particular, the Federal Trade Commission Act gives the Federal Trade Commission (FTC) broad authority to take action whenever it believes that any person "has been or is using any unfair method of competition or unfair or deceptive act or practice in or affecting commerce." 15 U.S.C. 45(b); see *FTC* v. *Indiana Fed'n of Dentists*, 476 U.S. 447, 454 (1986). The FTC's authority to bring such a proceeding is not limited to trademark's focus on false designations as to a product's source.

cause they have no specific expectations concerning the quality of the product." John T. Cross, *Giving Credit Where Credit Is Due: Revisiting The Doctrine Of Reverse Passing Off In Trademark Law*, 72 Wash. L. Rev. 709, 755 (1997). But at the same time, reverse passing off may indirectly confuse consumers as to the actual source of goods and deprive producers of the goodwill that is associated with being known as the creator of a well-liked good, and therefore implicates the basic policies underlying the trademark law.

2. Although reverse passing off generally does not present the classic Lanham Act problems posed by direct passing off, lower courts have concluded that certain types of reverse passing off may be proscribed by Section 43(a).

a. *Smith* v. *Montoro*, 648 F.2d 602 (9th Cir. 1981), is a path marking case. In *Montoro*, an actor, Paul Smith, contracted to appear in a film and "receive star billing in the screen credits and advertising for the film." *Id.* at 603. Defendants obtained the rights to distribute the film, and "removed Smith's name and substituted the name of another actor, 'Bob Spencer,' in place of Smith's name in both the film credits and advertising material." *Ibid.* Smith brought suit alleging, *inter alia*, that defendants violated Section 43(a) of the Lanham Act "by affixing or using 'a false designation or representation,' *i.e.*, another actor's name in place of [Smith's], in connection with the movie's advertising and credits." *Id.* at 604. The Ninth Circuit agreed.

The Ninth Circuit recognized that the alleged infringement was not direct passing off, but reasoned that the Lanham Act covers "economic practices or conduct 'economically equivalent' to palming off," including in an appropriate case "reverse passing off." 648 F.2d at 605. As the court explained:

> As a matter of policy, such conduct, like traditional palming off, is wrongful because it involves an attempt to misappropriate or profit from another's talents and workmanship. Moreover, in reverse palming off cases, the originator of the misidentified product is involuntarily deprived of the goodwill that otherwise would stem from public knowledge of the true source of the satisfactory product. The ultimate purchaser (or viewer) is also deprived of knowing the true source of the product and may even be deceived into believing that it comes from a different source.

Id. at 606-607 (citations omitted).

The Ninth Circuit's holding in *Montoro* is grounded in the text of Section 43(a). As the court of appeals explained, "the Lanham Act explicitly condemn[ed] false designations or representations in connection with '*any* goods or *services.*'" 648 F.2d at 605; see 15 U.S.C. 1125(a) (1982). At the time that *Montoro* was decided, the Lanham Act did not require a plaintiff to show that replacing the star's name with an actor who did not appear in the film was "likely to cause confusion" *as to the "origin" of the film.* 15 U.S.C. 1125(a)(1)(A) (2000) (emphasis added). But the court in *Montoro* emphasized that a false designation about who starred in a film is likely to affect how moviegoers perceive the nature or attributes of the film. See 648 F.2d at 607 ("In the film industry, a particular actor's performance * * * may be the primary attraction for movie-goers," and "being accurately credited for films in which they have played would seem to be of critical importance in enabling actors to sell their 'services,' *i.e.*, their performances.").[8]

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[8] The result in *Montoro* also fits under Section 43(a)(1)(B) of the Lanham Act, which was added in 1988 (seven years after *Montoro*). That subsection is not limited to false designations as to *origin* and instead prohibits a producer from making a "false or misleading description of fact * * * in commercial advertising or promotion" as to a good's "nature, characteristics, qualities, or geographic origin." 15 U.S.C. 1125(a)(1)(B). The Lanham Act claim in *Montoro* was specifically aimed at "the movie's advertising and credits," 648 F.2d at 604, and advertising an actor who

b. Another class of reverse passing off cases in which the lower courts have applied the Lanham Act involves the relabeling and resale of goods manufactured by another producer as the defendant's own goods. For example, in *Web Printing Controls Co.* v. *Oxy-Dry Corp.*, 906 F.2d 1202 (7th Cir. 1990), Oxy-Dry purchased high-tech printing equipment from Web Printing and then resold the equipment. Before reselling the equipment, Oxy-Dry "obliterated, hid, or otherwise confused [Web Printing's] trademark" and thus "claim[ed] credit for the quality of [Web Printing's] products." *Id.* at 1203. The courts concluded that Oxy-Dry violated Section 43(a) by falsely labeling and passing off Web Printing's products as its own in a manner that was likely to deceive consumers as to the source of the goods. *Id.* at 1204 & n.2; see *Montoro*, 648 F.2d at 606 & n.5 (discussing relabeling cases); *Arrow United Indus., Inc.* v. *Hugh Richards, Inc.*, 678 F.2d 410, 416 (2d Cir. 1982).[9]

That conclusion, too, comports with the text of Section 43(a). When *A* acquires a good manufactured by his competitor, *B*, obliterates *B*'s label, and puts *A*'s own label on the good, *A* has made a "false designation of origin" or "false or misleading description of fact" as to the source of the good—the good was manufactured by *B*, not *A*. See Cross, *supra*, at 723 ("If defendant acquires a product originally manufactured by plaintiff and merely resells it as its own, it

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does not appear in a movie as the movie's star misrepresents the movie's "nature, characteristics, [or] qualities" (Section 43(a)(1)(B)).

[9] In some of the relabeling cases, the competitor makes slight changes to the plaintiff's product before scraping off the plaintiff's mark and affixing its own mark on the good. In *Arrow United*, for example, the competitor slightly altered the size of the product—an "Arrow-Foil" damper used to regulate air flow. 678 F.2d at 415. Nevertheless, the court of appeals concluded that the plaintiff was entitled to preliminary relief under Section 43(a) of the Lanham Act after showing that the defendant had simply put its own label on the plaintiff's product because it was incapable of producing the product itself. *Id.* at 415-416.

is clear that plaintiff is the 'origin,' at least in the absolute sense of the word."); *id.* at 722 nn.63 & 64 (citing cases). At the same time, by simply relabeling *B*'s product as *A*'s own, *A* is likely to confuse or deceive consumers as to the source of its goods, which were manufactured by *B*.

c. In other cases, however, courts have rejected reverse passing off claims under the Lanham Act where, even though a producer began with a competitor's product, it manufactured its own good before attaching its label to it. In *Roho, Inc.* v. *Marquis*, 902 F.2d 356, 357 (5th Cir. 1990), for example, the defendant used cushions made by the plaintiff to create a "therapeutic mattress." The plaintiff argued that because defendant had produced only "a slightly modified version of [its] mattress, which [the defendant] sold under his own label, he has violated section 43(a)." *Id.* at 359. But in rejecting that "reverse palming off" claim, the court of appeals reasoned that, regardless of the "similarity" in the two products, the defendant had "actually created" a "new product" through its "[own] efforts." *Id.* at 360-361.[10]

To be clear, not only does the Lanham Act not *prevent* the sort of imitation in *Roho*, but the Nation's intellectual property laws *encourage* that kind of imitation in order to promote competition and innovation. When an existing work is copied and refined, a good is often improved and value is added to the economy. As Justice Story observed long ago,

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[10] Another kind of reverse passing off that courts have found actionable under Section 43(a) occurs where a producer uses a photograph of a competitor's product to advertise or promote its own good. See, *e.g.*, *Cooper Indus., Inc.* v. *Leatherman Tool Group, Inc.*, 532 U.S. 424, 428 (2001) (defendant retouched photograph of plaintiff's pocket survival tool and removed trademark and then labeled photograph as defendant's own pocket tool in marketing materials and catalogues); *Truck Equip. Serv. Co.* v. *Fruehauf Corp.*, 536 F.2d 1210, 1216 (8th Cir.) (farm equipment manufacturer labeled photograph of competitor's grain trailer as its own in manufacturer's sales literature), cert. denied, 429 U.S. 861 (1976). Today, that kind of reverse passing off is addressed by Section 43(a)(1)(B).

the "best" way to promote the progress of useful arts is "by giving the public at large a right to make, construct, use, and vend the thing invented, at as early a period as possible." *Pennock* v. *Dialogue*, 27 U.S. (2 Pet.) 1, 19 (1829); cf. *Feist Publ'ns, Inc.* v. *Rural Tel. Serv. Co.*, 499 U.S. 340, 349-350 (1991). That public right, perhaps as much as any other factor, explains the unparalleled progress and ingenuity of American science and arts.

3. As the foregoing case law illustrates, reverse passing off may be actionable under Section 43(a) of the Lanham Act. But at the same time, because Section 43(a) was designed to prevent *direct* passing off—and thus eliminate the acute confusion such passing off creates as to the source of goods—in considering claims for *reverse* passing off under the Lanham Act courts should be diligent in ensuring that the requirements of Section 43(a) are met. That is especially true when a Lanham Act claim for reverse passing off does not involve a *mis*attribution of credit, as in *Montoro*, or the relabeling and resale of goods that were actually manufactured by another competitor, as in *Oxy-Dry Corp.*

Furthermore, courts should be cognizant that Section 43(a) of the Lanham Act was not intended to establish an independent duty on the part of a producer who copies a work within the public domain to identify the work's original creator. See *Cleary* v. *News Corp.*, 30 F.3d 1255, 1260 (9th Cir. 1994) ("[T]he case law does suggest that the Lanham Act does not create a duty of express attribution, but does protect against misattribution."); Restatement § 5, Reporters' Note cmt. b ("The case law does not recognize an affirmative duty on the part of a seller to disclose the identity of the manufacturer or producer of goods offered for sale; liability is imposed only on the basis of an express or implied misrepresentation that the goods have been produced by the actor or a third person.") (citing cases); 4 McCarthy § 27:85, at 27-156 to 27-157 ("[*Montoro*] holds only

that *mis-attribution* violates § 43(a), not that the mere removal of a credit created falsity and not that every actor and everyone that worked on a film is entitled under § 43(a) to receive screen credit.") (emphasis added).[11]

As a result, in a typical case, a producer who copies a work that is in the public domain, manufactures its own copy or refinement of the work, and clearly marks the copy as its own good, does not violate Section 43(a) simply by failing to credit the original creator of the underlying work.

D. Other Considerations Also Caution Against Over-extending The Lanham Act In This Context

Several additional considerations counsel against construing Section 43(a) of the Lanham Act in a manner that would establish a generalized duty on the part of producers to identify the original creators of works that have entered the public domain.

1. In construing the Lanham Act, this Court has been "careful to caution against misuse or over-extension" of the trademark protection into areas traditionally occupied by patent or copyright. *TrafFix*, 532 U.S. at 29; see *id.* at 34 ("The Lanham Act does not exist to reward manufacturers for their innovation in creating a particular device; that is the purpose of the patent law and its period of exclusivity."). As discussed above, while the patent and copyright laws grant creators substantial rights to prevent the copying of their works (whether credited or uncredited) for limited terms, the Court has repeatedly affirmed the public's right to copy

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[11] See also, *e.g.*, *Kennedy* v. *National Juvenile Detention Ass'n*, 187 F.3d 690, 696 (7th Cir. 1999) ("[I]t is generally accepted that an author who sells or licenses his work, absent an express provision in a contract, does not have an inherent right to be credited as the author of the work.") (distinguishing *Montoro*), cert. denied, 528 U.S. 1159 (2000); 3 Nimmer § 8D.03[A][1] (The general rule is that outside of copyright or contract, an author does not have a right of attribution for its work).

works once they have entered the public domain. See *id.* at 32; *Bonito Boats*, 489 U.S. at 150-151.[12]

To be sure, the Court also has emphasized that the public's right to copy such goods is conditioned by laws, such as the Lanham Act, designed to "'protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods.'" *Bonito Boats*, 489 U.S. at 154; see *id.* at 166. But in discussing such trademark protection, the Court has focused on the obligation of a competitor who copies another's good to identify the copy as *its own product* (*i.e.*, to prevent passing off), and not necessarily to identify the good's *original creator*. See, *e.g.*, *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 120-121 (1938) (Kellogg "was free to use the pillow-shaped form, subject only to the obligation to identify its product lest it be mistaken for that of the plaintiff," which Kellogg did by selling its good in packaging that "bear[s] prominently the Kellogg name").[13]

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[12] See, *e.g.*, *Sears, Roebuck & Co.* v. *Stiffel Co.*, 376 U.S. 225, 232-233 (1964); *Compco Corp.* v. *Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964); *Kellogg Co.* v. *National Biscuit Co.*, 305 U.S. 111, 119-120 (1938); *Singer Mfg. Co.* v. *June Mfg. Co.*, 163 U.S. 169, 185 (1896); see also *G. Ricordi & Co.*, 194 F.2d at 914-915, discussed in note 4, *supra*.

[13] Thus, for example, there was no suggestion in the recent *TrafFix* case that TrafFix's ability to copy MDI's dual-spring sign stand after the patent on that sign stand expired was subject to any requirement under the Lanham Act that TrafFix put a label on its sign stands specifically crediting MDI, or for that matter the device's inventor, Robert Sarkisian, as the original creator of its dual-spring sign stand. At the same time, MDI could—and did—invoke the Lanham Act to prevent TrafFix from selling its sign stands with a name (WindBuster) that was confusingly similar to MDI's (WindMaster). 532 U.S. at 26. Protecting against the use of a confusingly similar mark—and not imposing a duty on producers to credit the original creator of a work—is the way in which the Lanham Act has traditionally been invoked.

In deciding this case, the Court should avoid construing the Lanham Act in a manner that would enable creators to extend in perpetuity the protections available to creators for only a limited time under the patent and copyright laws, including the ability of a patent or copyright owner to prevent the uncredited copying of a registered work. Cf. *Qualitex*, 514 U.S. at 164 ("It is the province of patent law, not trademark law, to encourage innovation by granting inventors a monopoly over new product designs or functions for a limited time, * * * after which competitors are free to use the innovation.") (citations omitted); *Attia* v. *Society of the New York Hosp.*, 201 F.3d 50, 59 (2d Cir. 1999), cert. denied, 531 U.S. 843 (2000). Indeed, respondents initiated this action under the Copyright Act and, while they may prevail on their copyright claim based on the *book*, they could have readily prevented petitioner from distributing its *Campaigns* series if Fox had not allowed the copyright on the *Crusade* television series to expire in 1977.

2. Nor is there any reason to read into the Lanham Act a specialized right of attribution for the authors of *artistic* works. Congress knows how to establish such rights when it wants to. In 1990, Congress passed the Visual Artists Rights Act (VARA), Pub. L. No. 101-650, § 603(a), 104 Stat. 5128, which, *inter alia*, provides that the authors of certain artistic works "shall have the right * * * to claim authorship of that work." 17 U.S.C. 106A(a)(1)(A). But that explicit right of attribution is carefully limited. First, the right attaches only to specified "work[s] of visual art," such as paintings, sculptures, and photographs. 17 U.S.C. 101.[14] Second, the right is personal to the artist. 17 U.S.C. 106A(b) and (e). Third, the right only endures for "the life of the

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[14] Among other things, the Act's definition of "work of visual art" specifically excludes books, motion pictures and audiovisual works, and works for hire. 17 U.S.C. 101. As a result, the Act has no application to the type of work at issue in this case.

author." 17 U.S.C. 106A(d)(1). Recognizing in Section 43(a) of the Lanham Act an independent duty on the part of producers to credit the creators of original works would all but render superfluous VARA's carefully crafted right of attribution with respect to only *specific* works.

3. Adopting a generalized rule requiring producers who copy works in the public domain to identify a work's original creator also could spark Lanham Act litigation over claims of improper approval or endorsement. Section 43(a) of the Lanham Act prohibits not only false or misleading designations as to origin, but false or misleading designations of fact that are likely to cause confusion as to the "sponsorship" or "approval" of a good by another person. 15 U.S.C. 1125(a)(1)(A). While some original creators may seek attribution from copiers, others may view such attribution as an unwelcome sign that they sponsor or approve of a competitor's copy. That is especially true in a case, such as this, where an original work has been altered by a competitor. See, *e.g.*, *Gilliam* v. *American Broad. Cos.*, 538 F.2d 14, 24 (2d Cir. 1976).

At the same time, interpreting the Lanham Act to establish a generalized right of attribution would require the courts to develop a new body of case law over what form or detail such attribution must take. In *Gilliam*, for example, the court debated whether the Lanham Act would be satisfied if defendants had aired a legend at the beginning of an edited broadcast of *Monty Python's Flying Circus* stating that Monty Python did not endorse the edited work, or whether such a legend would have to run during the entire broadcast. See *id.* at 25 n.13; *id.* 27 n.1 (Gurfein, J., concurring); cf. *Lamothe* v. *Atlantic Recording Corp.*, 847 F.2d 1403, 1408 (9th Cir. 1988) (partial attribution with respect to songs). The copyright laws avoid that problem by leaving to copyright holders for the duration of a copyright the discretion to determine whether—and, if so, on what terms—to license copying of their works.

Such a regime would create a Catch-22. On the one hand, producers could face Lanham Act liability for *failing* to credit the original creators of works on which their lawful copies are based and, on the other hand, they could face liability for *furnishing* such credit when an original creator does not want it. Even the mere threat of such litigation could stifle competition by discouraging producers from copying and selling works in the public domain. Cf. *Wal-Mart Stores, Inc.* v. *Samara Bros.*, 529 U.S. 205, 214 (2000) ("Competition is deterred * * * not merely by successful suit but by the plausible threat of successful suit").

4. Finally, there are other protections under the Lanham Act to prevent against confusion when a producer copies a work in the public domain without crediting the original creator. The Lanham Act prevents a producer from selling his copy under a confusingly similar mark as the original work. See 15 U.S.C. 1125(a); *TrafFix*, 532 U.S. at 28. In addition, the Lanham Act prevents a producer from dressing his copy in a way that is confusingly similar to a competitor's design or packaging. See 15 U.S.C. 1125(a)(3); *Wal-Mart*, 529 U.S. at 209. Carefully policing the trademarks, or trade dress, used by producers who copy goods in the public domain is the conventional stuff of trademark law, and typically is sufficient to protect against consumer confusion as to a good's source. Requiring producers under the Lanham Act to go further and credit a good's original creator should be the exception and not the rule.[15]

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[15] Of course, the original creators of works, or those with the exclusive rights to sell such works, also may engage in self-protection by advertising or promoting their goods as the "real thing," and thus distinguish their own goods from copies.

E. The Court Of Appeals' Lanham Act Analysis In This Case Is Fundamentally Flawed

1. The reverse passing off claim in this case does not fit into either of the categories discussed above in which courts have usually found violations of Section 43(a). Unlike the situation in *Montoro*, the court of appeals did not find that petitioner made any *mis*attribution about its *Campaigns* videos series; rather, the court relied on petitioner's distribution of the series "*without* attribution to Fox." Pet. App. 3a (emphasis added). That is, the court of appeals grounded its decision on a *lack* of attribution, not on a *mis*attribution. Likewise, petitioner did not simply purchase respondents' videos, obliterate respondents' label, and then put petitioner's own label on respondents' videos; rather, petitioner manufactured and refined its own copy, which it sells as its own good. The Lanham Act claim in this case accordingly merits careful review under Section 43(a)'s terms. The court of appeals in this case failed to engage in such an inquiry.

2. a. By identifying its *Campaign* video series as its own good, petitioner has not made a "false designation of origin" or "false or misleading description of fact" as to the "origin" of that good. 15 U.S.C. 1125(a)(1)(A). Section 43(a)'s use of "origin" has been read to include not simply geographic origin, but also "'origin of source or manufacture.'" *Two Pesos*, 505 U.S. at 779 (Stevens, J., concurring); *id.* at 785 (Thomas, J., concurring) ("source of production"); see *Qualitex*, 514 U.S. at 166 (a trademark "distinguishes a firm's goods and identifies their source"); 15 U.S.C. 1127 (a "trademark" is used "to identify and distinguish" one person's goods from the goods "manufactured or sold by others and to indicate the source of the goods"). Petitioner is the source of its *Campaigns* video series, and the place for consumers to go if they experience problems with that good. Petitioner produced and manufactures its *Campaigns* video series using its own video production and manufacturing

equipment. Indeed, the court of appeals itself recognized that *Campaigns* was "manufactured by [petitioner]." Pet. App. 3a.

The fact that the content of petitioner's *Campaigns* was substantially copied from the original *Crusade* television series does not alone compel the conclusion that petitioner misrepresented the "origin" of its video series. As discussed above, in creating its *Campaigns* series petitioner did alter the original *Crusade* television series in certain respects and, perhaps in the eyes of some viewers, even improved it. See p. 3, *supra*. Indeed, assuming petitioner did not infringe a valid copyright on the *Crusade* series, petitioner's selection and arrangement of new music, a new opening title sequence, movement of the recap to the beginning, and creation of a new final closing likely would be sufficient to establish it as the author of a derivative work that could itself qualify for copyright protection. See 17 U.S.C. 101; *Feist Publ'ns, Inc.*, 499 U.S. at 345-347; *Waldman Publ'g Corp.* v. *Landoll, Inc.*, 43 F.3d 775, 782 (2d Cir. 1994). When an edited copy of a creative work not subject to copyright satisfies the originality requirement for a derivative work, it hardly follows that a producer misrepresents the "origin" of such a derivative work by putting its own label on it.[16]

The court of appeals did not rely on the screen credits in the *Campaigns* videos. But, as discussed, petitioner and the listed employees were in fact responsible for the production of *Campaigns*. See p. 3, *supra*. The credits in this case, therefore, do not contain the sort of misattribution in *Montoro*. Moreover, names appearing in the screen credits of a movie—which often include a variety of individuals such as actors, directors, make-up artists, and costume designers—do not in ordinary parlance identify the "origin" of a good;

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[16] Even respondents have tacitly acknowledged that petitioner "create[d]" *Campaigns* insofar as it copied and altered it. Resps. C.A. Br. 9 (discussing how petitioner "create[d] *Campaigns*").

they tend to identify the people who appeared in or contributed to a film. In addition, consumers deciding whether to purchase a video or buy a movie ticket are most likely to rely on a feature's advertising or promotion (including a video's packaging or label), and not on screen credits that are accessible only by viewing the feature.

In any event, in finding a violation of Section 43(a), the court of appeals relied exclusively on petitioner's distribution of *Campaigns* "without attribution to Fox." Pet. App. 3a. To the extent that the court believed that Section 43(a) establishes a freestanding right of attribution, the court was mistaken.[17]

b. Even when there is a false or misleading designation as to origin, Section 43(a)(1)(A) requires a plaintiff to show that such a designation was "likely to cause confusion * * * as to the origin" of the good. 15 U.S.C. 1125(a)(1)(A). The court of appeals automatically assumed that such a likelihood of confusion exists because petitioner's *Campaigns* series is a "substantial[]" copy—or "bodily appropriation"—of the original *Crusades* series. Pet. App. 3a. That was error.

In Lanham Act cases, courts typically determine likelihood of confusion by looking to a variety of factors, only *one*

[17] Interpreting Section 43(a)'s reference to "origin" to include any original creator of an artistic work would raise other problems. For example, in this case *Time*, not Fox, arguably created the original *Crusade* television series in an artistic sense. See note 1, *supra*. But the court of appeals held that *Fox*, not Time, was entitled to attribution. Fox held the initial copyright on the *Crusade* series. But interpreting the Lanham Act to require attribution for an original copyright holder would be even more problematic from the standpoint of overextending trademark law into the province of copyright law. In addition, the court of appeals' analysis reveals that imposing a generalized attribution requirement for *artistic* works could lead to disputes about precisely *who* is entitled to such attribution, especially in the case of a work, such as *Crusades*, to which many may have contributed in some part. Interpreting "origin" to mean the source or manufacturer of a good avoids these problems.

of which is the similarity of the products. See, *e.g.*, *Barbecue Marx, Inc.* v. *551 Ogden, Inc.*, 235 F.3d 1041, 1043-1044 (7th Cir. 2000) (listing factors); *International Ass'n of Machinists* v. *Winship Green Nursing Ctr.*, 103 F.3d 196, 201 (1st Cir. 1996); *Blinded Veterans Ass'n* v. *Blinded Am. Veterans Found.*, 872 F.2d 1035, 1043-1044 (D.C. Cir. 1989) (Ginsburg, J.); *Polaroid Corp.* v. *Polaroid Elecs. Corp.*, 287 F.2d 492, 495 (2d Cir.) (Friendly, J.), cert. denied, 368 U.S. 820 (1961); 3 McCarthy § 23:19, at 23-66 to 23-68. To establish a likelihood of confusion, a plaintiff must show that the allegedly infringing conduct is likely to "confound[] an appreciable number of reasonably prudent purchasers exercising ordinary care." *Winship Green Nursing Ctr.*, 103 F.3d at 201. "[C]onfusion resulting from the consuming public's carelessness, indifference, or ennui will not suffice." *Ibid.*

Moreover, courts have recognized that consumer confusion is an essential element of reverse passing off claims under Section 43(a). See, *e.g.*, *Lipscher* v. *LPR Publ'ns, Inc.*, 266 F.3d 1305, 1313 (11th Cir. 2001); *Murray Hill Publ'ns, Inc.* v. *ABC Communications, Inc.*, 264 F.3d 622, 634 (6th Cir. 2001); *King* v. *Ames*, 179 F.3d 370, 374-375 (5th Cir. 1999); *Batiste* v. *Island Records, Inc.*, 179 F.3d 217, 224-225 (5th Cir. 1999), cert. denied, 528 U.S. 1076 (2000); *Agee* v. *Paramount Communications, Inc.*, 59 F.3d 317, 327 (2d Cir. 1995); *F.E.L. Publ'ns, Ltd.* v. *Catholic Bishop*, 214 U.S.P.Q. (BNA) 409, 416-417 (7th Cir.), cert. denied, 459 U.S. 859 (1982).[18]

[18] As explained in the Restatement (§ 2 cmt. d), when a "representation is literally false, a court may conclude in the absence of credible evidence to the contrary that the representation is likely to deceive or mislead." But "[w]hen the tendency to deceive or mislead turns instead upon the *inferences* to be drawn from the representation or upon a choice among several possible interpretations, direct evidence of the meaning attached to the representation by the relevant audience may be necessary to establish a likelihood of deception." *Ibid.* (emphasis added). The alleged

In many cases, courts may determine likelihood of confusion without extensive evidentiary proceedings. But the court of appeals did not consider whether there was any evidence of consumer confusion as to the source of *Campaigns* apart from the fact that the *content* of the *Campaigns* videos was substantially similar to the content of the *Crusade* series. It did not consider, for example, whether there was any evidence as to the familiarity of typical consumers with the *Crusade* television series; the respective channels in which petitioner and respondents advertise and distribute their goods; or any actual confusion with respect to the origin of the *Crusade* television series. See 4 McCarthy § 23:2.1, at 23-12 (discussing types of confusion evidence).[19]

More fundamentally, assuming that the requisite confusion as to origin automatically exists under Section 43(a)(1)(A) whenever a producer has copied substantially, or entirely, a creative work in effect establishes a generalized right to attribution (and rule against uncredited copying) that is not supported by the text or history of the Lanham Act or the other considerations discussed above. Thus, even if the Court concludes that respondents have shown a false or misleading designation as to origin, the Court should remand for further consideration of whether the record supports a finding of likely confusion as to origin.

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misrepresentation in this case at best falls into the category in which direct evidence is typically required.

[19] The need for such record evidence may be particularly important in cases, such as this, where the defendant sells goods at retail outlets known for selling copies of goods at discount prices. As one commentator has explained, "[i]n today's economy, with its vast distribution chains and large retailers, consumers are accustomed to buying goods that are produced by unknown people. Therefore, a defendant's use of its name or mark may not be interpreted as an indication of origin." Cross, *supra*, at 753. See also *Blinded Veterans*, 872 F.2d at 1045 (consumers' awareness of original mark may affect likelihood of confusion).

3. Even when a case does not fit within Section 43(a)(1)(A), there may still be concern about whether a producer's designation or representation about a good could mislead consumers in a matter that is material to their purchasing decision. Section 43(a)(1)(B) is not limited to false or misleading statements as to *origin*, but instead provides broader protections in the specific context of commercial advertising and promotion. As discussed, that subsection, which was added in 1988, applies to any "false or misleading description[s] of fact" that misrepresent "the nature, characteristics, [or] qualities" of a good in "commercial advertising or promotion." 15 U.S.C. 1125(a)(1)(B). Accordingly, in certain instances, Section 43(a)(1)(B) may provide a cause of action that is not available under subsection (a)(1)(A).

But in this case, respondents have not focused on any particular advertising or promotional practice of petitioner. Moreover, respondents have litigated their reverse passing off claim under Section 43(a)(1)(A), and thus neither the court of appeals nor the district court considered the application of Section 43(a)(1)(B) in this case. See Pet. App. 50a-51a n.4; J.A. 130a-131a. The Court's usual practice is to "deal with the case as it came here and affirm or reverse based on the ground relied on below." *Peralta* v. *Heights Med. Ctr., Inc.*, 485 U.S. 80, 86 (1988). There is no reason to do otherwise here.[20]

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[20] In *International News Service* v. *Associated Press*, 248 U.S. 215 (1918), this Court held that a news service violated common law by "taking news bodily from the bulletin boards and early editions of [Associated Press] newspapers and selling it as its own" later that same day. *Id.* at 231. As this Court recently stated, "the unfair competition at issue in *International News Service* amounted to nothing short of theft of proprietary information." *College Sav. Bank* v. *Florida Prepaid Postsecondary Educ. Expense Bd.*, 527 U.S. 666, 674 (1999). *International News Services* has not been applied outside its "unusual circumstances." Restatement § 38 cmt. e. Respondents in this case have not relied on the common law

CONCLUSION

The judgment of the court of appeals should be reversed and the case remanded for further proceedings.

Respectfully submitted.

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rule of *International News Services*, and the case does not, in any event, shed light on the Lanham Act issue in this case.

APPENDIX

1. Section 43(a)(1) of Title 15, United States Code, provides:

§ 1125. False designations of origin, false descriptions, and dilution forbidden

(a) Civil action

(1) Any person who, on or in connection with any goods or services, or any container for goods, uses in commerce any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which—

> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person, or
>
> (B) in commercial advertising or promotion, misrepresents the nature, characteristics, qualities, or geographic origin of his or her or another person's goods, services, or commercial activities,

shall be liable in a civil action by any person who believes that he or she is or is likely to be damaged by such act.

2. Section 43(a) of Title 15, United States Code (1982), provides:

§ 1125. False designations of origin and false descriptions forbidden

(a) Civil action

Any person who shall affix, apply, or annex, or use in connection with any goods or services, or any container or containers for goods, a false designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same, and shall cause such goods or services to enter into commerce, and any person who shall with knowledge of the falsity of such designation of origin or description or representation cause or procure the same to be transported or used in commerce or deliver the same to any carrier to be transported or used, shall be liable to a civil action by any person doing business in the locality falsely indicated as that of origin or in the region in which said locality is situated, or by any person who believes that he is or is likely to be damaged by the use of any such false description or representation.

3. Section 106A of Title 17, United States Code provides:

§ 106A. Rights of certain authors to attribution and integrity

(a) RIGHTS OF ATTRIBUTION AND INTEGRITY.—Subject to Section 107 and independent of the exclusive rights provided in section 106, the author of a work of visual art—

(1) shall have the right—

(A) to claim authorship of that work, and

(B) to prevent the use of his or her name as the author of any work of visual art which he or she did not create;

(2) shall have the right to prevent the use of his or her name as the author of the work of visual art in the event of a distortion, mutilation, or other modification of the work which would be prejudicial to his or her honor or reputation; and

(3) subject to the limitations set forth in section 113(d), shall have the right—

(A) to prevent any intentional distortion, mutilation, or other modification of that work which would be prejudicial to his or her honor or reputation, and any intentional distortion, mutilation, or modification of that work is a violation of that right, and

(B) to prevent any destruction of a work of recognized stature, and any intentional or grossly negligent destruction of that work is a violation of that right.

(b) SCOPE AND EXERCISE OF RIGHTS.—Only the author of a work of visual art has the rights conferred by subsection (a) in that work, whether or not the author is the copyright owner. The authors of a joint work of visual art are coowners of the rights conferred by subsection (a) in that work.

(c) EXCEPTIONS.—(1) The modification of a work of visual art which is a result of the passage of time or the inherent nature of the materials is not a distortion, mutilation, or other modification described in subsection (a)(3)(A).

(2) The modification of a work of visual art which is the result of conservation, or of the public presentation, in-

cluding lighting and placement, of the work is not a destruction, distortion, mutilation, or other modification described in subsection (a)(3) unless the modification is caused by gross negligence.

(3) The rights described in paragraphs (1) and (2) of subsection (a) shall not apply to any reproduction, depiction, portrayal, or other use of a work in, upon, or in any connection with any item described in subparagraph (A) or (B) of the definition of "work of visual art" in section 101, and any such reproduction, depiction, portrayal, or other use of a work is not a destruction, distortion, mutilation, or other modification described in paragraph (3) of subsection (a).

(d) DURATION OF RIGHTS.—(1) With respect to works of visual art created on or after the effective date set forth in section 610(a) of the Visual Artists Rights Act of 1990, the rights conferred by subsection (a) shall endure for a term consisting of the life of the author.

(2) With respect to works of visual art created before the effective date set forth in section 610(a) of the Visual Artists Rights Act of 1990, but title to which has not, as of such effective date, been transferred from the author, the rights conferred by subsection (a) shall be coextensive with, and shall expire at the same time as, the rights conferred by section 106.

(3) In the case of a joint work prepared by two or more authors, the rights conferred by subsection (a) shall endure for a term consisting of the life of the last surviving author.

(4) All terms of the rights conferred by subsection (a) run to the end of the calendar year in which they would otherwise expire.

(e) TRANSFER AND WAIVER.—(1) The rights conferred by subsection (a) may not be transferred, but those rights may be waived if the author expressly agrees to such waiver in a written instrument signed by the author. Such instrument shall specifically identify the work, and uses of that work, to which the waiver applies, and the waiver shall apply only to the work and uses so identified. In the case of a joint work prepared by two or more authors, a waiver of rights under this paragraph made by one such author waives such rights for all such authors.

(2) Ownership of the rights conferred by subsection (a) with respect to a work of visual art is distinct from ownership of any copy of that work, or of a copyright or any exclusive right under a copyright in that work. Transfer of ownership of any copy of a work of visual art, or of a copyright or any exclusive right under a copyright, shall not constitute a waiver of the rights conferred by subsection (a). Except as may otherwise be agreed by the author in a written instrument signed by the author, a waiver of the rights conferred by subsection (a) with respect to a work of visual art shall not constitute a transfer of ownership of any copy of that work, or of ownership of a copyright or of any exclusive right under a copyright in that work.

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Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORPORATION, et al.,

Respondents.

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Petition for Certiorari, *Dastar v. Twentieth Century Fox Film Corp.*, No. 02-428 (U.S. S.Ct. filed Sept. 11, 2002), App. C 14

INTERESTS OF *AMICI CURIAE*

This brief *amici curiae* is submitted pursuant to Rule 37 of the Rules of this Court.[1]

Amici are law professors and scholars specializing in trademark, copyright, and related subjects. *Amici* do not have any financial interest in the outcome of this litigation. *Amici* are listed in the Appendix to this brief and provide their institutional affiliation for identification purposes only; they do not purport to represent the opinions or interests of their respective institutions. *Amici*'s sole interest is in fostering the development of intellectual property law generally, and of trademark and copyright law in particular, in accordance with established legal principles.

SUMMARY OF ARGUMENT

Beginning more than 100 years ago, former owners of expired copyrights have attempted to use trademark and unfair competition laws to prevent or impair the free use of works in the public domain. These attempts took the form of suits seeking to prevent the use of the work, or of the author's name or the title of the work, in any republication or revised edition of a public domain work. These

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[1] Counsel for both parties have consented to the filing of this brief, and those consents have been filed with the Clerk of this Court. No counsel for either party authored this brief in whole or in part. The entire cost of preparing and submitting the brief was paid by *amici*, with the generous support of Whittier Law School.

attempts were properly rejected by the courts, including the U.S. Supreme Court. In some instances, however, courts held that the publisher of a revised work based on a public domain work had a duty to *disclaim* any connection with the original publisher of the work, in order to avoid consumer confusion.

The action before the Court is yet another attempt to use trademark and unfair competition laws to prevent or impair the free use of a work which is alleged to be in the public domain.[2] This time, the former publisher seeks to *require* the use of the former publisher's name in connection with a revised edition of a public domain work. The former publisher seeks to place the petitioner in a "heads I win, tails you lose" situation, in which the petitioner not only faces trademark liability if it falsely attributes the revised edition to the previous publisher, but also faces trademark liability if it fails to attribute the revised edition to the previous publisher. This action should be seen for what it is: an attempt to use the Lanham Act to stifle and penalize the lawful use of a formerly copyrighted work that has entered the public domain.

[2] The Ninth Circuit's opinion remanded the case to the district court to determine whether the book upon which the Respondents' work was based was in fact in the public domain. This portion of the Ninth Circuit's opinion is not before the Court on this appeal.

ARGUMENT

I. After a Copyright Has Expired, Trademark Law May Not Be Used To Restrain Publication of the Work, or Use of the Title or the Author's Name.

Between 1880 and 1920, many former owners of expired copyrights, and authors of material not protected by copyright, attempted to use trademark or unfair competition law to prevent the free use of works in the public domain. An examination of these cases demonstrates that trademark law cannot be used to restrain the publication or use of a copyrighted work which has passed into the public domain.

In *The 'Mark Twain' Case (Clemens v. Belford, Clark & Co.)*, 14 F. 728 (C.C.N.D. Ill. 1883), the author Samuel Clemens claimed a trademark right in his well-known pen name, Mark Twain, and sought to enjoin the use of his name on a republication by the defendants of some of Twain's stories which were not protected by copyright. The judge remarked that "[t]his is the first attempt which has ever come under my notice to protect a writer's exclusive right to literary property under the law applicable to trade-marks." *Id.* at 731. The court sustained a demurrer to the complaint:

> The policy of the law in this country has been settled too long to be now considered doubtful, that the publication of literary matter without protection by copyright has dedicated such matter to the public, and the public are entitled to use it in such form as they may thereafter choose, and to quote, compile, or publish it as the writing of its author.

Id. at 732.

Eight years later, the Scottish publishers of the Encyclopedia Britannica sought to enjoin an American reprint of the Ninth Edition, which had been revised so that "in the place of certain articles of the original, copyrighted pursuant to the statutes of the United States, they have substituted other articles, to avoid infringement of the copyright." *Black v. Ehrich*, 44 F. 793, 794 (C.C.S.D.N.Y. 1891). The court denied the complainants' motion for a preliminary injunction:

> With the exception of the copyrighted articles, the entire literary matter of 'The Encyclopedia Britannica, Ninth Edition,' is public property in this country, at least, and a rival publisher has the legal right to make any use of it he sees fit. He may use any part of it, or all of it, *and call it by what name he prefers*.

Id. (emphasis added). The court remarked that "[i]f literary property could be protected upon the theory that the name by which it is christened is equivalent to a trademark, there would be no necessity for copyright laws." *Id.*

One year earlier, in *Merriam v. Holloway Pub. Co.*, 43 F. 450 (C.C.E.D. Mo. 1890), Associate Justice Samuel Miller heard a similar case involving a reprint of the 1847 Edition of Webster's Dictionary.[3] The copyright on the 1847 edition had expired on January 1, 1889. Justice Miller overruled a demurrer on the ground that the defendants were allegedly using a pictorial device which was alleged

[3] It should be noted that Justice Miller was the author of two of this Court's landmark 19th-Century cases on trademark and copyright, *The Trade-Mark Cases*, 100 U.S. 82 (1879) and *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53 (1884).

to be a trademark of the plaintiff. However, in so doing, he expressly rejected the contention that Merriam had a trademark right in the name or content of "Webster's Dictionary":

> [I]t occurs to me that this proceeding is an attempt to establish the doctrine that a party who has had the copyright of a book until it has expired, may continue that monopoly indefinitely, under the pretense that it is protected by a trademark, or something of that sort. I do not believe in any such doctrine, nor do my associates. When a man takes out a copyright, for any of his writings or works, he impliedly agrees that, at the expiration of that copyright, such writings or works shall go to the public and become public property. . . . The copyright law gives an author or proprietor a monopoly of the sale of his writings for a definite period, but the grant of a monopoly implies that, after the monopoly has expired, the public shall be entitled ever afterward to the unrestricted use of the book.

Id. at 451. Other courts agreed that any publisher had the right to reprint and sell any editions of "Webster's Dictionary" which were in the public domain, so long as in doing so they did not falsely suggest that the reprints were more recent editions which were still under copyright. *See Merriam v. Famous Shoe & Clothing Co.*, 47 F. 411, 412 (C.C.E.D. Mo. 1891) ("I have no doubt that defendant is entitled to use the words 'Webster's Dictionary' to describe the work that it is engaged in publishing and selling. Those words were used to describe Webster's Dictionary of the edition of 1847, and, as the copyright on that edition has expired, it has now become public property. Any one may reprint that edition of the work, and entitle the reprint 'Webster's Dictionary.' "); *Merriam v. Texas Siftings*

Pub. Co., 49 F. 944, 948 (C.C.S.D.N.Y. 1892) ("Mere copies of the edition of 1847 and 1859 can be reproduced by a publisher, *over his own name*, provided he makes no misrepresentations to induce the public to believe that it is another book, the right to publish which is the exclusive property of the plaintiff.") (emphasis added). Neither court suggested that defendants would be subject to liability if they *declined* to use the name "Webster's Dictionary."

Both *Merriam v. Holloway* and *Merriam v. Famous Shoe* were quoted with approval by this Court in *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 191-93 (1896). In *Singer*, the plaintiff attempted to use trademark and unfair competition law to restrain the sale of sewing machines by the defendant, after the plaintiff's patent on the machine had expired. The Court held that "on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property." *Id.* at 185. It also held that the word "Singer" had become the generic name for the patented article, and that the defendant had the right to use the word "Singer," so long as in doing so it did not falsely suggest a connection with the plaintiffs. "It is plain that the infringement only resulted from the failure to plainly state, along with the use of that word, the source of manufacture." *Id.* at 203. At no time did the court suggest that the defendant would have been subject to liability if it had *declined* to use the name "Singer."

The *Singer* doctrine has been repeatedly reaffirmed by this Court. *See Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 118-20 (1938) and *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 152 (1989). The *Kellogg* court emphasized that "[t]he only obligation resting upon Kellogg Company was to identify its own product lest it be

mistaken for that of the plaintiff." 305 U.S. at 119; *see also id.* at 120 ("Kellogg Company was free to use the pillow-shaped form, subject only to the obligation to identify its product lest it be mistaken for that of the plaintiff."). Such a requirement would have been nonsensical if Nabsico could have forced Kellogg to credit Nabisco as the original producer of Shredded Wheat.

Recent cases confirm the validity of these cases as applied to expired copyrights. In *Comedy III Prods. v. New Line Cinema*, 200 F.3d 593 (9th Cir. 2000), the plaintiff attempted to claim a trademark right in the "name, the characters, the likeness, and overall 'act' of The Three Stooges," in order to prevent the use of a film clip of the Three Stooges which was in the public domain. The court held that "the Lanham Act cannot be used to circumvent copyright law. If material covered by copyright law has passed into the public domain, it cannot then be protected by the Lanham Act without rendering the Copyright Act a nullity." *Id.* at 595. There was no suggestion that a different result would have obtained had the plaintiff sought to *force* New Line to give credit to the plaintiff for the use of a clip which was in the public domain.

II. After a Copyright Has Expired, Trademark Law May Require a Subsequent Publisher of a Revised Version of the Public Domain Work to Disclaim Any Connection With the Previous Publisher.

Despite the ruling in *Singer*, the Merriam company continued its campaign to prevent other publishers from using the designation "Webster's Dictionary" in connection with reprints or revisions of editions which had entered the public domain. Courts uniformly held that Merriam

could not use trademark law to prevent such use, because otherwise, "the policy of limiting the period of protection of copyrighted works would be frustrated, since dissemination of the work under a different title would seriously hamper the public distribution of the work."[4] *See, e.g., G. & C. Merriam Co. v. Straus*, 136 F. 477, 478 (C.C.S.D.N.Y. 1904) ("the bill is in part an attempt to protect the literary property in the dictionaries which became *publici juris* upon the expiration of the copyrights. This attempt must prove futile."); *G. & C. Merriam Co. v. Syndicate Pub. Co.*, 207 F. 515, 515-16 (2d Cir. 1913) (quoting District Court opinion of Learned Hand) ("Their pretension extends even to the point of forbidding the sale of any dictionary honestly compiled upon Webster's original sources. . . . I have not, however, the least doubt at the outset in overruling so extreme an assertion as this. It is quite clear that any honest compilation or abridgement at the present time of Webster's work is entitled to describe itself as such"), *aff'd*, 237 U.S. 618, 622 (1915) ("After the expiration of a copyright of that character, it is well settled that the further use of the name by which the publication was known and sold under the copyright cannot be acquired by registration as a trademark, for the name has become public property, and is not subject to such appropriation.").

However, in some instances courts were willing to require that the subsequent publisher publish a disclaimer

[4] *Maljack Prods., Inc. v. GoodTimes Home Video Corp.*, 81 F.3d 881, 887 (9th Cir. 1996), *quoting* 1 MELVILLE B. NIMMER & DAVID NIMMER, NIMMER ON COPYRIGHT § 2.16, at 2-193 (1995). *See also Herbko Int'l, Inc. v. Kappa Books, Inc.*, 308 F.3d 1156, 1164 (Fed. Cir. 2002) ("A trademark in the title to this single book would compromise the policy of unrestricted use after expiration of the copyright").

that the revised edition was *not* published by the company which had previously published the copyrighted work. *See Ogilve v. G. & C. Merriam Co.*, 149 F. 858, 861 (C.C.D. Mass. 1907) ("The duty, therefore, is imposed upon such person of accompanying his publication with such indications as to the source of publication as will unmistakably inform the public that the book is published by himself, and not by the original publisher."), *aff'd as modified*, 159 F. 638, 642-43 (1st Cir. 1908) ("where another avails himself of the principle of public dedication, he must in good faith fully identify his production and clearly disassociate his work from the work of the one who has given significance to the name"), *on appeal after remand*, 170 F. 167, 168 (1st Cir. 1909) (requiring a disclaimer that "This dictionary is not published by the original publishers of Webster's Dictionary, or by their successors.").

In enforcing the First Circuit's decree against a corporate successor, the Sixth Circuit likewise emphasized that one who publishes a revised edition of a public domain work must take steps to *disclaim* any relationship with the previous publisher. *See G. & C. Merriam Co. v. Saalfield*, 190 F. 927, 933 (6th Cir. 1911) (defendant "did not unmistakably indicate that his publications were not the publications of . . . the complainant."), *on rehearing*, 198 F. 369, 375 (6th Cir. 1912) ("Defendant may not use the word at all, unless he accompanies it with the explanation; . . . he must 'unmistakably inform' the public that the article is of his production."). The disclaimer was required precisely because the revised edition was not the work of the original publisher; to suggest otherwise would be to deceive the public into thinking that the original publisher had in some way authorized the production of the revised work.

In a later proceeding in the same case, the Sixth Circuit drew a distinction between an exact reprint of a public domain work, and a revision of a public domain work. The former could be published *under the defendant's own name* without any disclaimer. *See Saalfield Pub. Co. v. G. & C. Merriam Co.*, 238 F. 1, 12 (6th Cir. 1917) ("The case against defendants, in this particular, stands solely upon a photographic reproduction of the 1847 book; a reproduction perfect in every detail, *save for the substitution of defendant's name on the title page as publisher* and save for an appendix. Upon this foundation there is scant room to support the theory of misleading the public.") (emphasis added). Recent cases confirm that all a subsequent publisher needs to do to avoid consumer confusion is to label the republished public domain work *with its own name. See Maljack Prods., Inc. v. GoodTimes Home Video Corp.*, 81 F.3d 881, 887 (9th Cir. 1996) ("When a public domain work is copied, along with its title, there is little likelihood of confusion when even the most minimal steps are taken to distinguish the publisher of the original from that of the copy. The public is receiving just what it believes it is receiving – the work with which the title has become associated. The public is not only unharmed, it is unconfused."), *quoting* Leslie A. Kurtz, *Protection for Titles of Literary Works in the Public Domain*, 37 Rutgers L. Rev. 53, 77 (1984).[5]

[5] This case does not involve the question whether the Lanham Act requires that credit be given to the individual author of a literary work. Gen. Dwight D. Eisenhower, the author of the book upon which Respondents' television series was based, is not a party to this action.

III. Interpreting the Lanham Act to Require That the Publisher of a Revised Work Credit the Former Publisher or Distributor of a Public Domain Work Would Place Petitioner in a No-Win Situation.

In this case, petitioner Dastar produced and distributed a revised version of a television series, the copyright of which had expired and had not been renewed.[6] Under the cases cited above, if petitioner Dastar had listed the name of the original distributor, Twentieth-Century Fox,[7] or the names of SFM Entertainment and New Line Cinema, which had produced and distributed a home-video version of the television series, Dastar might have been liable under Section 43(a) of the Lanham Act for falsely suggesting an affiliation, connection or association with those entities as to the origin, sponsorship, or approval of the revised series. In order to avoid such liability, Dastar would have had to include a disclaimer "unmistakably informing" the public that the revised series had *not* been produced by Fox, SFM and New Line. Likewise, although

[6] The District Court held Dastar liable for infringement of the copyright in the book on which the TV series was based. The Ninth Circuit's opinion ordered a remand to determine whether the book was also in the public domain. It is undisputed that the author of the book, Gen. Dwight D. Eisenhower, never renewed the copyright in the book; what is disputed is whether the book was a work for hire, which would validate the purported renewal obtained by Doubleday. This portion of the Ninth Circuit's opinion is not before the Court on this appeal.

[7] Although Fox initiated and supervised the project, the television series was actually produced by Time, Inc., which is not a party to this action. *See* Finding of Fact No. 14 (reprinted in Petition for Certiorari, App. B at 9a). Thus, even if this Court were to interpret the Lanham Act to require that credit be given to the institutional "author" of an audiovisual work, Respondents would lack standing to sue.

Dastar had a right to use the original title of the television series if it had distributed the work without revision, had it used the original title on a revised copy of the work it might have been liable for false advertising, or it might have been required to include a disclaimer of any association between itself and the previous distributors of the series. Dastar sought to avoid such liability by publishing the revised public domain work under a different title and under its own name.

Respondents seek to place Petitioner in a "heads I win, tails you lose" situation.[8] If Dastar had chosen to publish a revised version of the public domain work under its original title, giving credit to Fox, SFM and New Line, those entities could have sued, claiming deception as to origin, sponsorship or approval of the revised version under Section 43(a) of the Lanham Act. Instead, Dastar truthfully published the revised version under its own name, as producer of the actual videotapes in question; and Fox, SFM and New Line have sued Dastar for *failing* to credit them as former distributors of the underlying public domain work. If such a cause of action is upheld, those who seek to publish public domain material will be placed in an untenable position. They risk liability if they use the name of the former owner of an expired copyright without permission, and they risk liability if they fail to use the name of the former owner of the expired copyright at all. Such an interpretation of the Lanham Act would essentially guarantee that publishers of public domain

[8] *Cf. Parklane Hosiery Co. v. Shore*, 439 U.S. 322, 338 (1979) (Rehnquist, J., dissenting) (condemning "respondent's 'heads I win, tails you lose' theory of this litigation").

material would face a lawsuit and would deter such publishers from copying works in the public domain. *See Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 214 (2000) ("Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit").

Under Respondents' interpretation of the Lanham Act, the only way Dastar could avoid liability would be to give credit to the former owners of the expired copyright (and their licensees), and simultaneously to include a disclaimer of any relationship between themselves and the former owners of the expired copyright (and their licensees). It is difficult to imagine how such a notice could be given without confusing the public in some manner.[9] In order to avoid such a result, the Lanham Act should be interpreted to permit the free use of materials in the public domain, without any duty to identify the former owner of the expired copyright.

IV. The Ninth Circuit's "Bodily Appropriation" Standard Is Based Entirely On the Amount of Copying That Has Occurred, and Is Therefore the Functional Equivalent of a Perpetual Copyright.

The Ninth Circuit's opinion in this case, following earlier Ninth Circuit precedent, imposes liability under Section 43(a) of the Lanham Act if the revised work is a

[9] The difficulties are multiplied when one considers all of the possible claims of credit that could be made for contributions to a television series, including directors, writers, actors, and technical crew.

"bodily appropriation" of the work in which the plaintiff asserts an interest. *Twentieth Century Fox Film Corp. v. Entertainment Distributing*, 34 Fed. Appx. 312, 314 (9th Cir.), *cert. granted sub nom. Dastar Corp. v. Twentieth Century Fox Film Corp.*, 123 S.Ct. 816 (2002). This standard was expressly borrowed from copyright law:

> In the copyright context we have defined "bodily appropriation" as the "copying or unauthorized use of substantially the entire item." *Harper House, Inc. v. Thomas Nelson, Inc.*, 889 F.2d 197, 205 (9th Cir. 1989). We consider this definition useful in the Lanham Act context, because . . . it recognizes that slight modifications of a product might cause customer confusion, while products which are merely generally similar will not.

Cleary v. News Corp., 30 F.3d 1255, 1261 (9th Cir. 1994). Under this standard, a Lanham Act case, which is supposed to focus on consumer confusion, instead becomes a case about whether copying has occurred, and the amount of copying that has occurred. *See* 34 Fed. Appx. at 314 ("Dastar copied substantially the entire *Crusade in Europe* series . . . Dastar's minimal changes to the series are not sufficient to avoid liability."); *see also* Petition for Cert., App. B, at 13a (Finding of Fact No. 40), App. C, at 45a (Uncontroverted Facts No. 22).

The Ninth Circuit's standard assumes without analysis that "bodily appropriation" (i.e., copying) *necessarily* results in consumer confusion. 34 Fed. Appx. at 314 (stating that "the 'bodily appropriation' test subsumes the less demanding 'consumer confusion' standard."). But when a previously copyrighted work enters the public domain, other producers have a right to reproduce, adapt

and distribute the work. A public domain work can legitimately have more than one source. To assume that consumer confusion *as to source* occurs whenever extensive copying occurs would negate the right of a subsequent producer to copy a public domain work without the permission of the former copyright owner.

The Second Circuit's *Waldman* standard is even more clearly the equivalent of a copyright infringement action. In *Waldman Publishing Group v. Landoll, Inc.*, 43 F.3d 775 (2d Cir. 1994), in order to determine whether Section 43(a) of the Lanham Act was violated, the court analyzed (1) whether there was an "original work of authorship" under Section 102(a) of the Copyright Act, *id.* at 781-82; (2) whether the works were "substantially similar" within the meaning of the Copyright Act, *id.* at 782-83; and (3) whether Waldman was the "author" of the work under the "work made for hire" doctrine of Section 201(a) of the Copyright Act, *id.* at 783-84. Although the court purported to require a showing of "consumer confusion" as a separate element, its entire analysis of "confusion" consists of a single sentence: "We concur with the district court's conclusion that consumers are likely to be confused by Landoll's misrepresentation as to the source of its books, even though the Landoll books are 'substantially similar' to but not 'bodily appropriations' of the Waldman books." *Id.* at 784.[10]

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[10] It is worth noting that other panels of the Second Circuit have implicitly rejected the *Waldman* standard in favor of a standard that requires an "affirmative act" of false representation beyond that implicit in any claim of copying. *See, e.g., Lipton v. Nature Co.*, 71 F.3d 464, 473 (2d Cir. 1995) ("We find that, as a matter of law, a false

(Continued on following page)

By equating Section 43(a) of the Lanham Act with standards developed to determine liability under the Copyright Act, and by assuming that consumer confusion exists whenever unattributed copying occurs, these Courts of Appeals have enabled an action to be maintained under the Lanham Act based entirely on the copying of a work in the public domain. Because liability under Section 43(a) of the Lanham Act is perpetual and is not limited in duration in any manner, such a cause of action would violate the Constitutional mandate that copyrights be granted only "for limited Times." U.S. Const., Art. I, § 8 cl. 8. While this Court recently held that Congress has the power to extend copyright terms, *Eldred v. Ashcroft*, 537 U.S. ___, 123 S.Ct. 769 (2003), both the majority and the dissent agreed that Congress may not do so indefinitely. *See Eldred*, 123 S.Ct. at 783 n.16 ("the Senate Report expressly acknowledged that the Constitution 'clearly precludes Congress from granting unlimited protection for copyrighted works.'"); *id.* at 800 (Stevens, J., dissenting) ("The express grant of a perpetual copyright would unquestionably violate the textual requirement that the authors' exclusive rights be only 'for limited Times.'"). Moreover, the majority

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copyright notice alone cannot constitute a false designation of origin within the meaning of § 43(a) of the Lanham Act."); *Kregos v. Associated Press*, 937 F.2d 700, 711 (2d Cir. 1991) ("we reject [Kregos'] attempt to convert all copyright claims to Lanham Act violations."). *See also Weber v. Geffen Records, Inc.*, 63 F. Supp. 2d 458, 464 (S.D.N.Y. 1999) ("plaintiff's Lanham Act claim is impermissible because it would essentially duplicate a Copyright Act claim."); *id.* at 463 ("Aware that nearly every copyright-based claim involves a charge of improper failure to credit a purported author, the Second Circuit has limited the extent to which a copyright-based claim may support a Lanham Act claim."); *accord, Armstrong v. Virgin Records, Ltd.*, 91 F. Supp. 2d 628, 633 (S.D.N.Y. 2000).

indicated that Congress' power extends only to "future works and existing works *not yet in the public domain*." 123 S.Ct. at 785 (emphasis added); *see also id.* at 799-800 (Stevens, J., dissenting) ("no one seriously contends that the Copyright/Patent Clause would authorize the grant of monopoly privileges for works *already* in the public domain solely to encourage their restoration.") (emphasis added). In addition, this Court has indicated that the Commerce Clause cannot be used to circumvent express limitations contained in other clauses. *See Railway Labor Executives' Assn. v. Gibbons*, 455 U.S. 457, 468-69 (1982) (Congress may not enact non-uniform bankruptcy laws under the Commerce Clause). Consequently, this Court should interpret the Lanham Act in a manner that does not cause it to come into conflict with the Constitutional limitation on patents and copyrights. *See TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 35 (2001) (reserving the question of whether trade-dress protection for a product design covered by an expired patent would violate the Patent Clause, but noting that courts may not require competitors "to adopt a different design simply to avoid copying it."); *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 214 (2000) ("The availability of [copyright and design patent] protections greatly reduces any harm to the producer that might ensue from our conclusion that a product design cannot be protected under § 43(a) without a showing of secondary meaning.").

CONCLUSION

Under either the Ninth Circuit's standard or the Second Circuit's standard, Section 43(a) of the Lanham Act operates as a substitute for copyright law, allowing the former copyright owner to assert a continuing interest in a previously copyrighted work which has entered the public domain. This Court should reject Respondents' attempt to use the Lanham Act to restrict and penalize the lawful use of a copyrighted work after its Constitutionally-mandated "limited time" has expired.

Respectfully submitted,

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Supreme Court of the United States

DASTAR CORPORATION,

Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT LLC AND NEW LINE HOME VIDEO, INC.,

Respondents.

On Writ Of Certiorari To The United States Court Of Appeals For The Ninth Circuit

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INTRODUCTION

The International Trademark Association ("INTA"),[1] having obtained written consent of the parties pursuant to Rule 37.3 of the Rules of this Court,[2] submits this brief as amicus curiae. As to the first question presented, INTA urges the Court to hold that any claim for relief brought under Section 43(a)(1)(A) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(A), including a claim for reverse passing off involving credits applied to creative works, requires a finding of likely consumer confusion. INTA believes that the standard applied by the Court of Appeals below, which considers only whether there has been a "bodily appropriation" of the creative work at issue, represents a significant departure from the analysis of marketplace factors that has long governed the evaluation of likely confusion. Indeed, it is a standard borrowed from copyright law that has been inappropriately applied to claims of unfair competition, notwithstanding the distinct purposes and policies served by these separate, but not mutually exclusive, forms of intellectual property protection. As a result, INTA takes the position that the Court of Appeals' decision should be reversed and remanded for the District Court to

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[1] This brief was not authored, in whole or in part, by counsel to a party, and no monetary contribution to the preparation or submission of this brief was made by any person or entity other than INTA or its counsel. Petitioner is not a member of INTA. Corporate affiliates of respondents are regular members of INTA. One of the law firms representing petitioner, Steptoe & Johnson LLP, is an associate member of INTA, as is one of the law firms representing respondents, O'Melveney & Myers LLP. Neither petitioner, respondents nor any of these firms has participated in the decision to submit this brief, in its preparation, or in its submission.

[2] The consents have been filed with the Clerk with this brief.

consider marketplace factors in determining whether there is a likelihood of consumer confusion in this case.

As to the second question presented, INTA urges the Court to hold that enhanced monetary damages or profits awarded *solely* for purposes of deterrence are not permitted under Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a), which provides that any such enhancement must "constitute compensation and not a penalty." As a result, the Court of Appeals' decision allowing enhanced damages solely for deterrent purposes should be reversed.

STATEMENT OF INTEREST OF THE AMICUS CURIAE

INTA is a not-for-profit organization whose more than 4,200 members have a special interest in trademarks. They include trademark owners, law firms, advertising agencies, package design firms and professional associations from the United States and 160 other countries. All share the goals of emphasizing the importance of trademarks and trademark protection, and of promoting an understanding of the essential role trademarks play in fostering informed decisions by consumers, effective commerce, and fair competition. INTA members frequently are participants in trademark litigation, and therefore are interested in the development of clear and consistent principles of trademark and unfair competition law. INTA has substantial expertise in trademark law and has

participated as an amicus curiae in cases involving significant trademark issues.[3]

INTA was founded in 1878 as the United States Trademark Association, in part to encourage the enactment of federal trademark legislation after the invalidation of this country's first trademark act on constitutional grounds. Since that time, INTA has been instrumental in making recommendations and providing assistance to legislators in connection with federal trademark legislation, including the Trademark Law Revision Act of 1988 ("TLRA"). *See* 134 Cong. Rec. S16974 (daily ed. Oct. 20, 1988) (statement of Sen. DeConcini). One significant revision included in the TLRA was the amendment of Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), to acknowledge the evolution of the Section since 1946 "into a Federal law of unfair competition," 135 Cong. Rec. H10422 (daily ed. Oct. 19, 1989) (statement of Rep. Moorhead).

INTA has a particular interest in this case for three reasons. First, it wishes to reaffirm that a finding of likely consumer confusion, derived from consideration of appropriate marketplace factors, such as those that courts have

[3] Cases in which INTA has filed amicus briefs include: *Mosely v. V Secret Catalogue, Inc.*, No. 01-1015; *TrafFix Devices, Inc. v. Mktg. Displays, Inc.*, 532 U.S. 23 (2001); *Wal-Mart Stores, Inc. v. Samara Bros.*, 529 U.S. 205 (2000); *College Sav. Bank v. Florida Prepaid Postsecondary Educ. Expense Bd.*, 119 S. Ct. 2219 (1999); *Dickinson v. Zurko*, 119 S. Ct. 1816 (1999); *Qualitex Co. v. Jacobson Prods. Co.*, 514 U.S. 159 (1995); *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763 (1992); *K Mart Corp. v. Cartier, Inc.*, 486 U.S. 281 (1988); *WarnerVision Entertainment Inc. v. Empire of Carolina, Inc.*, 101 F.3d 259 (2d Cir. 1996); *Preferred Risk Mut. Ins. Co. v. United States*, 86 F.3d 789 (8th Cir. 1996); and *Conopco, Inc. v. May Dep't Stores Co.*, 46 F.3d 1556 (Fed. Cir. 1994).

consistently applied in decades of Lanham Act jurisprudence, is a prerequisite for liability under Section 43(a)(1)(A).

Second, INTA wishes to highlight for the Court the sharp distinctions between the principles of copyright and unfair competition law that are blurred by both the decision below and the arguments advanced in the petition. Just as the Court of Appeals erred by concluding that the "bodily appropriation" test it transplanted from copyright law ends the likelihood of confusion inquiry, petitioner is likewise incorrect when it contends that the end of copyright protection for a creative work, and the work's consequent passage into the public domain, immunizes any copyist from potential liability under the Lanham Act. Copyright infringement and unfair competition are separate claims meant to address distinct injuries, and they are appropriately measured by different standards.

Third, there is a split in the Circuits on the issue of whether an award of enhanced damages or profits solely for purposes of deterrence is permissible under Section 35 of the Lanham Act. INTA requests that the Court resolve this split by interpreting Section 35 according to its express terms to require that enhanced damages be awarded for purposes of compensation.

SUMMARY OF THE ARGUMENT

In order for there to be liability under Section 43(a)(1)(A) of the Lanham Act, a plaintiff must prove it owns a trademark or a designation equivalent to a trademark, and that an appreciable number of ordinarily prudent consumers are likely to be confused by the

defendant's conduct. Proof of likely confusion is a bedrock requirement of unfair competition law that is reflected in the express terms of the statute and enunciated in hundreds of judicial opinions dating back more than a century. Equally well settled are the methods by which the issue of likely consumer confusion is evaluated, with their focus on marketplace factors such as the extent to which consumers associate goods sold under the plaintiff's designation with a single source, the degree of similarity between the designations at issue and the competitive proximity of the respective products.

In the decision below, the Court of Appeals applied a test of "bodily appropriation" that it created more than two decades ago to assess liability for reverse passing off in cases involving credits applied to creative works. While the "bodily appropriation" test has been described by the Ninth Circuit in other decisions as a method for evaluating likely confusion in these types of cases, it does not actually do so. "Bodily appropriation" could be an appropriate factor to consider in evaluating likelihood of confusion, but the one-factor test applied by the Ninth Circuit disregards the traditional market signposts of consumer confusion in favor of a comparison of the creative works at issue. This approach finds no support in either the text of Section 43(a)(1)(A) or the established body of law construing that statutory provision.

Indeed, the "bodily appropriation" test, and other tests like that of "substantial similarity" applied by the Second Circuit in similar cases, represent an effort to evaluate liability for unfair competition using standards typically applied in cases of copyright infringement. This approach ignores the different purposes of copyright and unfair competition law, and the different wrongs each aims to

remedy. Application of a separate test of "bodily appropriation" to a limited category of unfair competition cases without consideration of other factors threatens the consistent application of likelihood-of-confusion principles that have been used for decades in cases arising under Section 43(a)(1)(A).

As a result, the Court should reject the "bodily appropriation" test in this context and hold that liability for reverse passing off involving credits applied to creative works requires proof of likelihood of confusion, with reference to relevant marketplace factors such as those that govern other claims for relief under Section 43(a)(1)(A). As respondents appear to have ample reason to believe that the conduct of which they complain is likely to cause confusion among consumers, they should be given the opportunity to prove it on remand. At the same time, the Court should also reject the contention advanced by petitioner that claims for unfair competition involving creative works are somehow beyond the reach of the Lanham Act, or constitutionally suspect.

In advancing this argument, petitioner, much like the Court of Appeals, fails to appreciate that copyright and unfair competition law have very different purposes and apply different standards, even though a creative work is capable of being protected under both. For this reason, the passage of a creative work into the public domain does not preclude application of Section 43(a)(1)(A) or any other provision of the Lanham Act aimed at preventing consumer deception. The Constitution likewise provides no safe harbor for the false or misleading marketing of any goods or services, including creative works, whether or not in the public domain.

With respect to the issue of whether an award of enhanced damages or profits is permissible under Section 35 of the Lanham Act *solely* for purposes of deterrence, the terms of the statute suggest otherwise. The remedy of enhanced damages was incorporated into Section 35 to account for the difficulties a Lanham Act plaintiff typically encounters in establishing the precise amount of its actual monetary losses or the defendant's profits. By sanctioning an enhancement of the quantifiable amount of damages or profits, the statute affords courts the flexibility to fashion appropriate relief where a precise calculation of the actual amount of monetary loss or gain is difficult or not possible. In all cases, however, an enhancement must be intended to compensate the plaintiff for past harm suffered. An award of enhanced damages or profits made *purely* for deterrent purposes by definition serves no compensatory end. While a compensatory award that also has an incidental deterrent effect is plainly permissible, an enhancement made solely for deterrence purposes is not.

ARGUMENT

I. Any Claim Brought Under Section 43(a)(1)(A) of the Lanham Act Requires Proof of Likelihood of Confusion

Section 43(a)(1)(A) of the Lanham Act prohibits the use in commerce by any person of

> any word, term, name, symbol, or device, or any combination thereof, or any false designation of origin, false or misleading description of fact, or false or misleading representation of fact, which –

> (A) is likely to cause confusion, or to cause mistake, or to deceive as to the affiliation, connection, or association of such person with another person, or as to the origin, sponsorship, or approval of his or her goods, services, or commercial activities by another person. . . .

The text of the statute makes clear that a showing of likely confusion, mistake or deception is a prerequisite for liability, and this Court has so construed it. *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 769 (1992) ("It is, of course, also undisputed that liability under § 43(a) requires proof of the likelihood of confusion.").

The current version of Section 43(a) was enacted as part of the Trademark Law Revision Act of 1988, Pub. L. 100-667, 102 Stat. 3935 (effective Nov. 16, 1989), a sweeping revision of the Lanham Act. In its original incarnation, Section 43(a) appeared to deal only with false descriptions or representations and false designations of geographic origin. Senate Judiciary Committee Report on S. 1883, S. Rep. No. 100-515, 40 (Sept. 15, 1988). However, in the years following enactment of the Lanham Act in 1946, Section 43(a) was "widely interpreted as creating, in essence, a federal law of unfair competition." *Id. See also Two Pesos*, 505 U.S. at 779-80 (Stevens, J., concurring) (noting how the reach of former Section 43(a) was expanded by courts to embrace claims beyond those specified in the statutory text, and acknowledging that such expansion was consistent with the statutory purpose). The present version of Section 43(a) was enacted to "codify the interpretation it has been given by the courts," *id.*, as subsequent cases have confirmed. *Bristol-Myers Squibb Co. v. McNeil-P.P.C., Inc.*, 973 F.2d 1033, 1038 n.1 (2d Cir. 1992).

Today, Section 43(a)(1)(A) is broadly construed to apply to a range of claims, including, *inter alia*, infringement of an unregistered trademark, *MicroStrategy, Inc. v. Motorola, Inc.*, 245 F.3d 335, 341 (4th Cir. 2001), infringement of unregistered trade dress, *Wal-Mart Stores, Inc. v. Samara Bros., Inc.*, 529 U.S. 205, 209 (2000), and infringement of an unregistered trade name. *Platinum Home Mortgage Corp. v. Platinum Fin. Grp., Inc.*, 149 F.3d 722, 726 n.1 (7th Cir. 1998). The statute has also been applied to prohibit conduct known as reverse passing off,[4] in which a party markets the goods of a rival by deleting the rival's trademark and either replacing the rival's mark with its own mark or selling the product in an unbranded state.[5] Claims for reverse passing off brought under Section 43(a) predated passage of the TLRA, *Truck Equipment Service Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1216 (8th Cir. 1976),[6] and reverse passing off continues to

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[4] Reverse passing off, in which a party markets the goods of a rival as the party's own, *Lipscher v. LRP Pubs., Inc.*, 266 F.3d 1305, 1312 (11th Cir. 2001), is distinguishable from passing off, in which a party markets its own goods as if they were those of a rival, or associated with a rival. *Two Pesos*, 505 U.S. at 779 n.5 (Stevens, J., concurring).

[5] The replacement of a rival's mark with a party's own mark on the rival's goods has been labeled "express reverse passing off," *Summit Mach. Tool Mfg. Corp. v. Victor CNC Sys., Inc.*, 7 F.3d 1434, 1437 (9th Cir. 1993), while the selling of a rival's goods in an unbranded state has been dubbed "implied reverse passing off." *Scheduled Airlines Traffic Offices, Inc. v. Objective, Inc.*, 180 F.3d 583, 591 n.4 (4th Cir. 1999).

[6] Indeed, conduct now described as reverse passing off was also actionable at common law before passage of the Lanham Act. *See Int'l News Service v. Associated Press*, 248 U.S. 215, 231-32 (1918) (affirming injunction barring news service's competitor from reproducing portions

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be recognized as a proper claim for relief under the Lanham Act, *e.g., Kasco Corp. v. General Svcs., Inc.*, 905 F. Supp. 29, 33-35 (D. Mass. 1995); *see generally* Restatement (Third) of Unfair Competition ("Restatement"), § 5 (1995). As noted in the Restatement, the type of consumer confusion at issue in a claim for reverse passing off concerns the source of the misbranded or unbranded products, not confusion between the products themselves. *Id.*, § 5, cmt. a.

Notwithstanding the breadth of Section 43(a)(1)(A), however, the ultimate test of liability under the statute is always the same. "Whether we call the violation infringement, unfair competition or false designation of origin, the test is identical – is there a 'likelihood of confusion.'" *New West Corp. v. NYM Co. of California, Inc.*, 595 F.2d 1194, 1201 (9th Cir. 1979). The likelihood-of-confusion test has been established for over a century as the standard under which liability for unfair competition is assessed in most federal cases, *McLean v. Fleming*, 96 U.S. 245, 251 (1877), *superseded by statute, as stated in Qualitex Co. v. Jacobson Products Co.*, 514 U.S. 159, 171 (1995); Restatement, § 20.[7]

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of news service's uncopyrighted articles, without giving credit to news service, in common law action for unfair competition); *Fed. Elec. Co. v. Flexlume Corp.*, 33 F.2d 412, 414-15 (7th Cir. 1929) (defendant was properly enjoined from obliterating plaintiff's trademark on outdoor signs and replacing the mark with that of defendant, in suit for common law unfair competition).

[7] Liability for unfair competition under the laws of most states also requires proof of likely confusion. *See, e.g., Carson v. Here's Johnny Portable Toilets, Inc.*, 698 F.2d 831, 833 (6th Cir. 1983) (equating standards for liability under § 43(a) and Michigan common law); *American Greetings Corp. v. Dan-Dee Imports, Inc.*, 807 F.2d 1136, 1141

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There are some exceptions to the requirement of likely confusion in cases of unfair competition arising under Lanham Act provisions other than Section 43(a)(1)(A). For example, Section 43(a)(1)(B) of the statute, which applies to false advertising, contains no express requirement of proving likely confusion and simply prohibits the use of any "false designation of origin, false or misleading description of fact, or false or misleading representation of fact" that "misrepresents the nature, characteristics, qualities, or geographic origin" of particular goods or services in "commercial advertising or promotion." 15 U.S.C. § 1125(a)(1)(B).

In construing Section 43(a)(1)(B), courts properly have held that it prohibits advertising that is literally false without any showing that consumers are likely to be confused or misled. *Rhone-Poulenc Rorer Pharm., Inc. v. Marion Merrell Dow, Inc.*, 93 F.3d 511, 516 (8th Cir. 1996). At the same time, courts have also recognized that advertising that is literally true can be deceptive under the statute. *American Home Prods. Corp. v. Johnson & Johnson*, 577 F.2d 160, 165 (2d Cir. 1978). Section 43(a)(1)(B) therefore has also been interpreted to reach advertising that is false by implication, but only upon a showing of likely consumer confusion. *Clorox Co. Puerto Rico v. Procter & Gamble Commercial Co.*, 228 F.3d 24, 33 (1st Cir. 2000); *Castrol Inc. v. Pennzoil Co.*, 987 F.2d 939, 943 (3d Cir. 1993).[8]

(3d Cir. 1986) (unfair competition law of New Jersey was not significantly different from § 43(a)).

[8] At least one commentator has argued that claims for reverse passing off are better viewed as a type of false advertising within the

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However, in all cases brought under Section 43(a)(1)(A) of the Lanham Act, a plaintiff must prove a likelihood that "an appreciable number of ordinarily prudent purchasers are likely to be misled, or indeed simply confused, as to the source of the goods in question." *Mushroom Makers, Inc. v. R.G. Barry Corp.*, 580 F.2d 44, 47 (2d Cir. 1978).[9]

Whether or not such confusion is likely to occur is typically determined by an analysis of marketplace factors designed to illuminate the context in which particular designations are used and the manner in which consumers react to them. Restatement, § 21; *AMF Inc. v. Sleekcraft Boats*, 599 F.2d 341, 348-49 (9th Cir. 1979); *Polaroid Corp. v. Polarad Electronics Corp.*, 287 F.2d 492, 495 (2d Cir. 1961). Although different Circuits have formulated different tests for assessing the presence or absence of likely

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scope of § 43(a)(1)(B), rather than the sort of unfair competition prohibited by § 43(a)(1)(A). Lori H. Freedman, *Reverse Passing Off: A Great Deal of Confusion*, 83 Trademark Rep. 305 (1993). Similarly, the Ninth Circuit in *Lamothe v. Atlantic Recording Corp.*, 847 F.2d 1403, 1406 (9th Cir. 1988), considered whether the same conduct could give rise to claims for both reverse passing off and false advertising, but it never reached the second potential cause of action. Given the breadth of conduct actionable as false advertising under § 43(a)(1)(B), *see* 5 J.T. McCarthy, *McCarthy on Trademarks and Unfair Competition* ("*McCarthy*") § 27:63 (2002) (collecting examples of claims brought under false advertising prong of § 43(a)), the act of marketing a rival's product as one's own – the essence of a claim for reverse passing off – would seem to fall squarely within the Lanham Act's prohibitions on false advertising.

[9] A plaintiff asserting a claim under § 43(a)(1)(A) also typically must establish ownership of a trademark, the functional equivalent of a trademark, *Two Pesos*, 505 U.S. at 768, or some other interest protected by the statute.

confusion, *id.*, all strive to evaluate the issue of confusion based on what occurs in the marketplace. Further, all recognize that not every factor generally considered in making an assessment of likely confusion is relevant in every case, and that additional variables may come into play depending on the particular facts presented. Restatement, § 21, cmt. a; *AMF*, 599 F.2d at 348 n.11.

At the same time, there is general agreement that the inquiry into likely confusion cannot be confined to a mere comparison of the designations at issue:

> Liability for trademark infringement ultimately depends upon proof of a likelihood of confusion and not on proof of any particular degree of similarity between the designations. Although the marks must be sufficiently similar to create the potential for confusion, whether the similarity is sufficient to subject the subsequent user to liability depends on the market context in which the marks are used, including the relationship between the respective goods or services, the distinctiveness of the prior user's trademarks, the manner in which the goods or services are sold, and the care likely to be exercised by prospective purchasers.

Restatement, § 21, cmt. d. While visual comparisons of the particular designations at issue in a given case are often appropriate, they generally are not dispositive. Indeed, in the relatively few reported decisions where a district court's finding of likely confusion was premised solely on a visual comparison of the particular designations at issue, appellate courts have not hesitated to reiterate that it is the reality of the marketplace that determines the issue. *Calvin Klein Cosmetics Corp. v. Lenox Labs., Inc.*, 815 F.2d 500, 504 (8th Cir. 1987) ("A realistic evaluation of

consumer confusion must attempt to recreate the conditions in which buying decisions are made, and the court should try to determine not what it would do, but what a reasonable purchaser in market conditions would do.").

Notwithstanding the near unanimous recognition of the principle that liability under Section 43(a)(1)(A) must be premised on a showing of likely consumer confusion established through analysis of various marketplace factors, the decision of the Court of Appeals below makes no mention of any of these factors. For this reason, it is at odds with the express terms of § 43(a)(1)(A) and the longstanding principles it embodies.

II. The Ninth Circuit's Test of "Bodily Appropriation" Is Not a Measure of Likely Consumer Confusion and Is Therefore Contrary to Section 43(a)(1)(A)

The decision below is one of a series of Ninth Circuit cases arising over the last two decades in which claims for reverse passing off under Section 43(a)(1)(A) have been premised on a defendant's failure to credit properly a plaintiff's contribution to a creative work. In that Circuit, liability in such cases generally depends on whether there has been a "bodily appropriation" by the defendant of the plaintiff's work, combined with some defect in specifying plaintiff's contribution to it, whether affirmatively or by omission. The decision below relied on *Cleary v. News Corp.*, 30 F.3d 1255, 1261 (9th Cir. 1994), as support for the application of this standard.

Cleary, in turn, traced its reliance on a test of "bodily appropriation" to *Shaw v. Lindheim*, 919 F.2d 1353, 1364 (9th Cir. 1990), another case of omitted writing credit and

the first decision to describe the relevant test by actually using the words "bodily appropriation,"[10] and *Summit*, 7 F.3d at 1437, where the defendant had acquired and was selling an industrial lathe that owed its basic design to the plaintiff. In both of these decisions, the Ninth Circuit purported to find sufficient differences in the two works being compared to hold that the copying did not rise to the level of "bodily appropriation," and hence would not cause consumer confusion.

Petitioner argues that the Ninth Circuit has measured liability in these types of cases by using a standard that requires no proof of likely confusion. This is an overstatement. Rather, the cases acknowledge that proof of likely consumer confusion is still required for a claim for reverse passing off involving the application of improper credits to creative works, *Shaw*, 919 F.2d at 1364; *Summit*, 7 F.3d at 1437, but that consumer confusion is presumed where there has been a "bodily appropriation." *Cleary*, 30 F.3d at 1261.[11] Notwithstanding, the Ninth Circuit has

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[10] The earliest Ninth Circuit decision in this line of cases was *Smith v. Montoro*, 648 F.2d 602, 605 (9th Cir. 1981), where the court found a § 43(a) violation for reverse passing off based on the removal of an actor's name from the credits of a motion picture and the substitution of another actor's name in its place. This decision makes no reference to "bodily appropriation" or likely consumer confusion, and its holding rests primarily on a policy argument that the name switch amounted to a form of misappropriation that deprived the aggrieved actor of the benefit a credit for his role might have garnered.

[11] The decision below says this more forthrightly than any other in the Ninth Circuit, when it holds that "the 'bodily appropriation' test subsumes the 'less demanding consumer confusion standard.'" Petition at 4a (quoting *Cleary*, 30 F.3d at 1261-62). Of course, if "bodily appropriation" were truly a more demanding test than that of likely confusion, it would be possible for a plaintiff to establish a likelihood of

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never explained why it believes the mere replication of a product, literary or industrial, will likely produce consumer confusion irrespective of the commercial context that is so important to deciding the issue in all types of claims arising under Section 43(a)(1)(A) except those for reverse passing off.

In *Cleary*, the Ninth Circuit stated that its "bodily appropriation" test was more demanding than that applied in the Second Circuit in cases of reverse passing off involving the application of improper credits to creative works. *Id.*, 30 F.3d at 1262. This assertion is likely correct, because the Second Circuit is willing to infer likely consumer confusion if the defendant's work is merely "substantially similar" to the original. *Waldman Publishing Corp. v. Landoll, Inc.*, 43 F.3d 775, 782 (2d. Cir. 1994).

But this begs the question: is either test an acceptable substitute for testing consumer confusion by considering appropriate marketplace factors? The Second Circuit has used the framework articulated in its *Polaroid* decision, *supra*, for more than forty years to assess the issue of likely consumer confusion, *id.*, 287 F.2d at 495, and it provides a stable, readily comprehensible standard that has been flexibly and sensibly applied. Similarly, the Ninth Circuit typically evaluates the issue by relying on the factors identified in the *AMF* decision, *supra*, 599 F.2d

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confusion under § 43(a)(1)(A) in a case of reverse passing off involving the application of improper credits to creative works, but still be denied relief in the absence of a "bodily appropriation." This would plainly be at odds with the statute, since § 43(a)(1)(A) prohibits any false designations of origin that are likely to cause consumer confusion, "bodily appropriation" or not.

at 348-49. Yet, neither Circuit applies these long established tests, in whole or in part, to claims for reverse passing off premised on the improper attribution of creative works. In contrast, other Circuits evaluate such cases by using the likelihood-of-confusion factors they apply to other Section 43(a)(1)(A) claims. *See Lipscher*, 266 F.3d at 1313-14; *Murray Hill Pubs., Inc. v. ABC Comms., Inc.*, 264 F.3d 622, 634-35 (6th Cir. 2001); *Batiste v. Island Records, Inc.*, 179 F.3d 217, 224-25 (5th Cir. 1999). And, of course, there may be additional marketplace factors yet to be developed that are appropriate for measuring confusion in reverse passing off cases involving creative works.

The foregoing decisions from the Fifth, Sixth and Eleventh Circuit Courts of Appeal represent a better approach to cases of reverse passing off involving the alleged misattribution of creative works. These cases make clear that the wrong prohibited by Section 43(a)(1)(A) is likely consumer confusion; they assess liability using tests that are consistent with those applied to other types of claims brought under the statute. *Id.* In this case, there is at least a reasonable basis for respondents to believe that petitioner's actions are likely to confuse consumers. Therefore, liability should be determined through analysis of appropriate marketplace factors, consistent with the text of Section 43(a)(1)(A) and the many cases construing it.

III. Both the Ninth Circuit and Petitioner Misunderstand the Purposes and Application of Copyright and Unfair Competition Law

The reasons why the Ninth and Second Circuits have deviated from the text of and the jurisprudence interpreting Section 43(a)(1)(A) are unclear, but the source of their

detour is not. Both Courts of Appeal have stated forthrightly that their tests of "bodily appropriation" and "substantial similarity" are taken from principles of copyright law, where liability for copyright infringement is often determined by inquiry into whether the protectable aspects of two works are substantially similar. *Cleary*, 30 F.3d at 1364; *Attia v. Society of The New York Hospital*, 201 F.3d 50, 59-60 (2d Cir. 1999). In rejecting a plaintiff's claim for reverse passing off involving the alleged misattribution of architectural drawings, the *Attia* court premised its ruling on the fact that:

> Plaintiff has failed to show 'substantial similarity,' as that term is understood in copyright law. Whatever similarity exists between his drawings and Defendants' realizations relates only to ideas and concepts, elements that are not protected by the copyright law. The test for reverse passing off that we followed in *Waldman* therefore compels the conclusion that Plaintiff cannot prevail on his claim under the Lanham Act.

Id.

The problem with this analysis is not that it considers the similarity between the plaintiff's original work and the defendant's allegedly misattributed creation; similarity between the parties' respective designations is a key factor that is always relevant in assessing the likelihood of consumer confusion in unfair competition cases. Restatement, § 21(a). The error lies in equating "substantial similarity" or "bodily appropriation" with a finding of liability under Section 43(a)(1)(A). Those are two factors often applied in copyright infringement cases to determine whether there has been unauthorized copying of a copyrightable work. *Sturdza v. United Arab Emirates*, 281 F.3d

1287, 1295 (D.C. Cir. 2002); *Laureyssens v. Idea Group, Inc.*, 964 F.2d 131, 139-42 (2d Cir. 1992). However, "unlike a copyright, mere reproduction of a trademark is not an infringement." *Quality Inns Int'l, Inc. v. McDonald's Corp.*, 695 F. Supp. 198, 218 (D. Md. 1988).

The copyright and trademark laws protect different interests, the former granting the author of an original work the right to prevent copying of the protectable aspects of that work, and the latter the right to prevent another from engaging in conduct likely to cause consumer confusion as to source or sponsorship. *See Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924). Copyright protection has its roots in the U.S. Constitution, Art. I, sec. 8(8), and protects creative works. 17 U.S.C. § 102. Trademark rights arise from use in commerce and protect the consumer goodwill embodied in a particular designation from wrongful appropriation by others. *United Drug Co. v. Theodore Rectanus Co.*, 248 U.S. 90, 97 (1918). Because there are "fundamental differences between copyright law and trademark law," *Sony Corp. of America v. Universal City Studios, Inc.*, 464 U.S. 417, 439 n.19 (1984), to substitute copyright concepts of "substantial similarity" or "bodily appropriation" for appropriate marketplace factors geared to determine likely confusion, as the Ninth and Second Circuits have done in cases of reverse passing off involving credits applied to creative works, is error.

At the same time, the petitioner also misunderstands the differing purposes of copyright and trademark law when it raises the specter of works enjoying "perpetual protection" beyond the term of copyright through what it sees as the "back door" of the Ninth Circuit's "bodily appropriation" concept. Petition at 17. Numerous federal courts have considered the issue of whether the expiration

of copyright or patent protection for a creative work or invention precludes the application of the Lanham Act to cases of unfair competition involving public domain works or devices. The universal consensus is that it does not, primarily because the Lanham Act, like unfair competition law generally, is aimed at preventing consumer confusion, a purpose entirely different from and not inconsistent with those underlying copyright and patent protection.

As far back as the Second Circuit's decision in *G. Ricordi v. Haendler*, 194 F.2d. 914, 916 (2d Cir. 1952), authored by Judge Learned Hand, courts have recognized that while one is entitled to reproduce the contents of formerly copyrighted works that have entered the public domain, unfair competition may result if a party goes beyond mere copying and markets the product in a confusing or misleading way. Subsequently, the Southern District of New York recognized that the expiration of copyright protection for the beloved *Peter Rabbit* children's book series did not preclude the original publisher of those books from asserting claims of trademark infringement premised on its trademark rights in eight character illustrations taken from the books:

> The fact that a copyrightable character or design has fallen into the public domain should not preclude protection under the trademark laws so long as it is shown to have acquired independent trademark significance, identifying in some way the source or sponsorship of the goods. [Citation omitted.] Because the nature of the property right conferred by copyright is significantly different from that of trademark, trademark protection should be able to co-exist, and possibly to overlap, with copyright protection without posing preemption difficulties.

Frederick Warne & Co. v. Book Sales Inc., 481 F. Supp. 1191, 1196 (S.D.N.Y. 1979); *see also Tempo Comms., Inc. v. Columbian Art Works, Inc.*, 223 U.S.P.Q. 721, 722 (N.D. Ill. 1983) (rejecting the notion that copyrightable work could not also be protected as a trademark and holding that trademark protection "does not amount to *sub rosa* perpetual patent or copyright protection"); 1 *McCarthy* §§ 6:13, 6:14, 6:31.

Other courts have ruled similarly in the patent context. The court in *In re Mogen David Wine Corp.*, 328 F.2d 925 (C.C.P.A. 1964), considered whether the existence of design patent protection for a decanter precluded the same design from being registered as a trademark on the Principal Trademark Register of the United States. The court rejected this contention, holding that:

> trademark rights, or rights under the law of unfair competition, which happen to continue beyond the expiration of a design patent, do not 'extend' the patent monopoly. They exist independently of it, under different law and for different reasons. The termination of either has no legal effect on the continuance of the other. When the patent monopoly ends, it ends. The trademark rights do not extend it. We know of no provision of patent law, statutory or otherwise, that guarantees to anyone an absolute right to copy the subject matter of any expired patent.

Id. at 930[12]; *see also Kohler Co. v. Moen Inc.*, 12 F.3d 632, 636-43 (7th Cir. 1993) (rejecting argument that Constitution and

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[12] This Court's subsequent decision in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23 (2001), does not alter the *Mogen David* analysis. In *TrafFix*, the Court held that the issuance of a *utility*

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Patent Act precluded any item capable of being patented from qualifying for trademark protection); 1 *McCarthy*, § 6:12.

This line of decisions recognizes the differing purposes and policies served by patent, copyright, and trademark protection, as well as the broader protections conferred by unfair competition laws. Enforceable rights arise under the patent and copyright laws when a qualifying invention or work is created and registered. Trademark rights arise only through use in commerce. *The Trade-Mark Cases*, 100 U.S. 82, 94 (1879). The statutory prohibition against unfair competition reflected in Section 43(a) applies more generally to a range of deceptive and misleading conduct. *Two Pesos*, 505 U.S. at 767-68.

Patents and copyrights are monopolies with origins rooted in the Constitution[13] that confer upon the owner of an invention or creative work a broad right of exclusion.

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patent for various product features that were alleged to constitute protectable trade dress was strong evidence of the functionality of those features. *Id.* at 29-30. *Mogen David* was a case involving *design* patents, which are issued only to protect designs with "an aesthetically pleasing appearance that is not dictated by function alone," *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 148 (1989); 35 U.S.C. § 171, making them presumptively non-functional. 1 *McCarthy*, § 6:11. Similarly, *TrafFix* does not hold that the expiration of utility patent protection for a device precludes a finding of liability for unfair competition. Rather, the case recognizes that the issuance of a utility patent for a device creates a presumption of functionality, thereby making it very difficult for the device's owner to acquire trademark rights in it. *TrafFix*, 532 U.S. at 29-30.

[13] Although, as one court has noted, "the Constitution grants no patent rights, it grants only authority to Congress to enact laws." *Mine Safety Appliances Co. v. Elec. Storage Battery Co.*, 405 F.2d 901, 902 n.2 (C.C.P.A. 1969).

Sony, 464 U.S. at 433 n.13. However, these monopolies are limited in both time and scope, enforceable only for a defined statutory period against rival creations that are identical or substantially similar to the protected invention or work. *Kohler*, 12 F.3d at 637. In contrast, trademarks carry with them no blanket right of exclusion, *id.*; a trademark owner must establish a likelihood of consumer confusion (or dilution) in order to prevent another from selling his or her goods under the same or a similar designation. 1 *McCarthy* § 2.10. And, unlike the owner of a copyright or patent, the owner of a trademark must demonstrate that his or her designation, be it a name, word, symbol, design or device, broadly defined, has come to stand as an identifier of source in the mind of the consuming public symbolizing the goodwill in his or her goods or services. *Qualitex*, 514 U.S. at 162-64. In order to invoke the protections of unfair competition law codified in Section 43(a)(1)(A), some type of deceptive or misleading conduct with respect to source, origin or sponsorship must be established.

Thus, while the protections afforded by the trademark and unfair competition laws can be of unlimited duration and broadly applied, they are also subject to important limitations that do not apply in the copyright or patent contexts, where concepts of confusion, deception and source identification play no role. As long as these limitations are recognized, there is no threat to the public domain of the sort petitioner portrays, and no inconsistency between protecting the public's right to copy works that have passed into the public domain and simultaneously protecting consumers and businesses against unfair competition through deceptive and misleading conduct.

The balance between these equally important principles is reflected within the confines of trademark law

itself, which recognizes that the right to use a particular designation to identify a type of product does not immunize a party from liability for unfair competition. Generic terms are incapable of functioning as trademarks, but this does not mean that a party can evade liability for unfair competition when it uses a generic term in a manner that causes consumer confusion. *See Murphy Door Bed Co. v. Interior Sleep Systems, Inc.*, 874 F.2d 95, 102 (2d Cir. 1989) ("Because the term Murphy bed is generic, Zarcone did not engage in unfair competition by selling and advertising his products as Murphy beds; Zarcone did engage in unfair competition, however, by passing off products of his own manufacture as Murphy Co. products."); *King-Seeley Thermos Co. v. Aladdin Indus., Inc.*, 321 F.2d 577, 581 (2d Cir. 1963) (holding "thermos" to be a generic term but affirming an injunction preventing defendant from using words "original" or "genuine" to describe its product).

Based on these authorities, there is no conflict – constitutional or otherwise – between a party's right to use materials in the public domain and the equally important right of consumers and businesses to be protected against unfair competition. Indeed, the best way for the Court to balance these two interests is to reaffirm the requirement that any claim brought under Section 43(a)(1)(A) of the Lanham Act, whether for reverse passing off, infringement or other forms of unfair competition, requires proof of likely consumer confusion with reference to appropriate marketplace factors.

IV. Section 35(a) of the Lanham Act Does Not Permit an Award of Enhanced Damages or Profits *Solely* for Purposes of Deterrence

Section 35(a) of the Lanham Act authorizes a wide range of monetary remedies for various types of Lanham

Act violations. A successful plaintiff may recover its actual damages, the defendant's profits, the costs of the action and, in exceptional circumstances, attorneys' fees. 15 U.S.C. § 1117(a). In addition, a court is free to award enhanced amounts of the plaintiff's monetary damages or the defendant's profits, with the former being capped at three times the actual amount of quantifiable damages, and the latter not capped at all. *Id.* However, with respect to these two types of enhancements, the statute states that "Such sum in either of the above circumstances shall constitute compensation and not a penalty." *Id.*

Notwithstanding the limitation on enhanced damages and profits expressly set forth in Section 35(a), the Ninth Circuit, like several other Courts of Appeal, has construed the statute to allow the recovery of enhanced damages *solely* for purposes of deterrence. *See Playboy Enters., Inc. v. Baccarat Clothing Co.*, 692 F.2d 1272, 1275 (9th Cir. 1982); *Gorenstein Enters. v. Quality Care-USA*, 874 F.2d 431, 436 (7th Cir. 1989). Thus, in the decision below, the Ninth Circuit found that an award of double the petitioner's profits was permissible "in order to deter future infringing conduct." Petition at 4a. No other justification for this award was advanced by the Court of Appeals.

The problem with this line of authority is that the cases ignore the statutory prohibition on awards of enhanced damages or profits as a penalty, largely for reasons of policy that have nothing to do with the text of the statute or its legislative history. *Playboy Enters.*, 692 F.2d at 1275; *Gorenstein Enters.*, 874 F.2d at 436. These decisions stand in marked contrast to those of other courts that have remained faithful to both the words and purposes of Section 35(a) by holding that deterrence alone cannot justify an award of enhanced damages or profits

under the statute. *See Alpo Petfoods, Inc. v. Ralston Purina Co.*, 913 F.2d 958, 969 (D.C. Cir. 1990) ("deterrence alone cannot justify such an award."); *Jurgens v. McKasy*, 927 F.2d 1552, 1564 (Fed. Cir. 1991) (holding that, under the Eighth Circuit's interpretation of § 35(a), deterrence alone "is an impermissible reason for increasing Lanham Act damages"). *Cf. Metric & Multistandard Components Corp. v. Metric's, Inc.*, 635 F.2d 710, 715 (8th Cir. 1990) (district court may not award increased damages as a penalty). It is the reasoning of these decisions that should be adopted in this case.

As this Court has recognized previously, any attempt to discern the meaning of a statute must begin with the assumption that its text accurately and conclusively expresses the legislative purpose, absent clear evidence to the contrary. *Park 'N Fly, Inc. v. Dollar Park and Fly, Inc.*, 469 U.S. 189, 194 (1985); *Consumer Prod. Safety Comm'n v. GTE Sylvania, Inc.*, 447 U.S. 102, 108 (1980); *see also Estate of Cowart v. Nicklos Drilling Co.*, 505 U.S. 469, 475 (1992) ("In a statutory construction case, the beginning point must be the language of the statute, and when a statute speaks with clarity to an issue, judicial inquiry into the statute's meaning, in all but the most extraordinary circumstance, is finished."). Here, the text of Section 35(a) unambiguously states that the only purpose for which enhanced damages or profits can be awarded is to compensate a plaintiff, not to penalize a defendant.

An award of damages aimed *solely* at deterrence, such as that affirmed below by the Ninth Circuit, by definition has no compensatory purpose. And, while there may be merit to the argument that deterring future misconduct is not the same thing as a penalty aimed at punishing past misconduct, this Court's jurisprudence clearly recognizes a

connection between the two, at least insofar as one of the purposes of a penalty or punishment is to deter the defendant and others from future repetition of past misconduct. *See Cooper Indus. v. Leatherman Tool Group, Inc.*, 532 U.S. 424, 441 (2001) (describing punitive damages as "a penalty to deter wrongful conduct"); *Int'l Bhd. of Elec. Workers v. Foust*, 442 U.S. 42, 48 (1979) ("Punitive damages 'are not compensation for injury. Instead, they are private fines levied by civil juries to punish reprehensible conduct and to deter its future occurrence.'") (quoting *Gertz v. Robert Welch, Inc.*, 418 U.S. 323, 350 (1974)). More importantly, however, the statute is clear on its face that enhanced damages must serve to *compensate*. An award of damages that is made *solely* for purposes of deterrence cannot be for purposes of compensation.

This is not to say that an award of enhanced damages made for purposes of compensation that also has an incidental deterring effect is impermissible. Any enhancement of profits or actual damages for purposes of compensation is logically likely to deter a defendant's future misconduct, but this does not make it or any other compensatory award a penalty. *See Memphis Comm. Sch. Dist. v. Stachura*, 477 U.S. 299, 306-07 (1986) (primary purpose of ordinary damages in tort cases is to provide compensation to injured plaintiffs, and that while "Deterrence is also an important purpose of this system, . . . it operates through the mechanism of damages that are *compensatory* – damages grounded in determinations of plaintiffs' actual losses".) (emphasis in original). It is only when a court entirely ignores the harm suffered by a prevailing plaintiff and awards an enhancement for the sole purpose of deterring a defendant's future misconduct that a penalty results.

The structure of the remainder of Section 35 supports the conclusion that the enhancement authorized by Section 35(a) must have some compensatory purpose. Section 35(b) allows the trebling of an award of profits or actual damages in cases where the defendant has intentionally infringed a registered trademark. 15 U.S.C. § 1117(b). Section 35(c) allows a plaintiff in an action for trademark counterfeiting to recover up to $1 million as statutory damages in lieu of actual damages or profits. 15 U.S.C. § 1117(c). A lesser range of statutory damages is also authorized in certain cases of cybersquatting under Section 35(d). 15 U.S.C. § 1117(d). The presence of such expressly punitive remedies in these portions of the same statute counsels against an interpretation of Section 35(a) that would sanction by implication awards of enhanced damages solely for purposes of deterrence. *See Bates v. United States*, 522 U.S. 23, 29 (1997) ("we ordinarily resist reading words or elements into a statute that do not appear on its face"); *see also United States v. Naftalin*, 441 U.S. 768, 773 (1979) (in response to the contention that the requirement contained in one section of a statute should be read into another, "The short answer is that Congress did not write the statute that way."); *Uniroyal Chemical Co. v. Deltech Corp.*, 160 F.3d 238, 244 n.9 (5th Cir. 1999) ("When Congress includes particular language in one statutory provision, and excludes it in another, we generally assume that Congress did so intentionally.").[14]

[14] This Court has previously used similar reasoning to construe Section 35. In *Fleischmann Distilling Corp. v. Maier Brewing Co.*, 386 U.S. 714, 719-20 (1967), the Court held that attorneys' fees were not available in a Lanham Act case because the statute made no express mention of such a form of recovery. In response, the statute was

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To the extent the text and structure of Section 35 leave any doubt on the issue, the legislative history of the statute dispels it. During a hearing on the bill that would eventually become the Lanham Act, the central topic of discussion with regard to Section 35 was crafting statutory language that authorized monetary relief proportionate to the facts of a given case. *Hearings on H.R. 102, H.R. 5461, and S. 895 Before the Subcomm. on Trademarks of the House Comm. on Patents,* 77th Cong., 1st Sess. 203-206 (1941), *reprinted in* 9 J. Gilson, *Trademark Protection and Practice*, § 35 (hereinafter *"Gilson"*). At this hearing, the statute's drafters stressed the importance of linking awards of monetary damages to the harm caused by the defendant's actions; deterrence was never mentioned as the aim of an award of enhanced damages or profits. *Id.*

Indeed, the articulated rationale for such enhancements was to account for difficulties successful plaintiffs might encounter in precisely quantifying their monetary losses or the defendant's monetary gains. As Edward Rogers, a member of the American Bar Association's trademark committee, put it:

> it frequently happens that the plaintiff has not been able to show any lessening of his business, and the defendant, either by ingenious bookkeeping or because he was a bad businessman, did not make any profits, and the result is that there is no recovery at all.

amended to allow for the recovery of attorneys' fees in exceptional cases.

> Now, there ought to be somewhere some discretion in the hands of the court under the circumstances of the particular case either to increase or to decrease the recovery; if in one case it is excessive, it ought to be decreased, and if, on the other hand, it is not enough, a reasonable sum in the way of ordinary damages ought to be awarded.

Id., *reprinted in* 9 *Gilson* at 35-13. *See Boston Prof. Hockey Ass'n v. Dallas Cap & Emblem Mfg., Inc.*, 597 F.2d 71, 77 (5th Cir. 1979) (recognizing that enhanced damages may be justified where defendant withholds or misrepresents its sales records).

Based on the text of Section 35(a), the statutory framework of which it is a part, the legislative history of the statute and the various authorities that have interpreted it correctly, an award of enhanced damages made *solely* for purposes of deterrence cannot be viewed as having any compensatory purpose. As a result, such an award is not permitted.

CONCLUSION

For the reasons set forth above, INTA urges that the Court reverse the decision of the Court of Appeals and remand the case to the District Court for further consideration on the issue of likely consumer confusion.

Respectfully submitted,

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Supreme Court, U.S.
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IN THE
SUPREME COURT OF THE UNITED STATES

DASTAR CORPORATION,
Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT LLC AND NEW LINE HOME VIDEO, INC.,
Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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BRIEF *AMICI CURIAE* OF AMERICAN LIBRARY ASSOCIATION, ASSOCIATION OF RESEARCH LIBRARIES, SPECIAL LIBRARIES ASSOCIATION, MEDICAL LIBRARY ASSOCIATION, AMERICAN ASSOCIATION OF LAW LIBRARIES, DIGITAL FUTURE COALITION, U.S. ASSOCIATION FOR COMPUTING MACHINERY, ELECTRONIC FRONTIER FOUNDATION, PUBLIC KNOWLEDGE, NETCOALITION, COMPUTER & COMMUNICATIONS INDUSTRY ASSOCIATION, AND BLOOMBERG L.P. IN SUPPORT OF PETITIONER

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INTEREST OF *AMICI CURIAE*[1]

The American Library Association (ALA), the oldest and largest library association in the world, is a nonprofit organization of over 64,000 librarians, library trustees, and other friends of libraries dedicated to the development, promotion, and improvement of library and information services to enhance learning and ensure access to information for all.

The Association of Research Libraries (ARL) is a nonprofit organization of 124 research libraries in North America. ARL programs and services promote equitable access to and effective use of recorded knowledge in support of teaching, research, scholarship and community service.

The American Association of Law Libraries (AALL) is a nonprofit educational organization with 5,000 members dedicated to providing leadership and advocacy in the field of legal information and information policy.

The Medical Library Association (MLA) is a nonprofit, educational organization of more than 1,100 institutions and 3,800 individual members in the health science information field.

The Special Libraries Association (SLA) is an international professional association serving more than 14,000 members of the information profession, including special librarians, information managers, brokers, and consultants.

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[1] Letters from all parties consenting to the filing of this brief are being filed with the Clerk of this Court along with this brief. No counsel for a party authored this brief in whole or in part, and no person other than *amici curiae*, or their counsel, made a monetary contribution to the preparation or submission of this brief.

Digital Future Coalition (DFC) is committed to striking an appropriate balance in law and public policy between protecting intellectual property and affording public access to it. The DFC is the result of a unique collaboration of many of the nation's leading non-profit educational, scholarly, library, and consumer groups, together with major commercial trade associations representing leaders in the consumer electronics, telecommunications, computer, and network access industries. Since its inception in 1995, the DFC has played a major role in the ongoing debate regarding the appropriate application of intellectual property law to the emerging digital network environment.

U.S. Association for Computing Machinery (Public Policy Committee) is a leading professional association of computer scientists and other information technology professionals dedicated to advancing the art, science, engineering and application of information technology. The United States Public Policy Committee of the Association for Computing Machinery (USACM) serves as the focal point for ACM's interactions with U.S. government organizations and the science and technology policy community.

Electronic Frontier Foundation (EFF) is a nonprofit public interest organization dedicated to protecting civil liberties and free expression in the digital world. EFF actively encourages and challenges industry and government to support free expression, privacy, and openness in the information society. Founded in 1990, EFF is based in San Francisco and publishes a comprehensive archive of digital civil liberties information at one of the most linked-to websites in the world, www.eff.org.

Public Knowledge (PK) is a nonprofit advocacy and education organization dedicated to ensuring that intellectual

property laws and technology policies promote the interests of the public. PK works with a wide spectrum of stakeholders to promote the core conviction that some fundamental democratic principles and cultural values – openness, access, and the capacity to create and compete – must be given new embodiment in the digital age.

NetCoalition serves as the public policy voice for some of the world's most innovative Internet companies on the key legislative and administrative proposals affecting the online world. NetCoalition provides creative and effective solutions to the critical legal and technological issues facing the Internet. By enabling industry leaders, policymakers, and the public engage directly, NetCoalition has helped ensure the integrity, usefulness, and continued expansion of this dynamic new medium.

The Computer & Communications Industry Association (CCIA) is an association of computer, communications, Internet and technology companies that range from small entrepreneurial firms to some of the largest members of the industry. CCIA's members include equipment manufacturers, software developers, providers of electronic commerce, networking, telecommunications and online services, resellers, systems integrators, and third-party vendors. Its member companies employ nearly one million people and generate annual revenues exceeding $300 billion. CCIA's mission is to further the interests of its members, their customers, and the industry at large by serving as the leading industry advocate in promoting open, barrier-free competition in the offering of computer and communications products and services worldwide.

Bloomberg L.P., founded in 1981, is an information services, news, and media company serving customers in 126 countries around the world. The company employs more

than 7,600 people in 108 offices worldwide. Clients include the world's central banks, investment institutions, commercial banks, government offices, and agencies, corporations, and news organizations.

Amici do not have a direct financial interest in the outcome of the case. However, *amici* are deeply concerned about the impact the resolution of this case may have on the information policy articulated by a unanimous Court in *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340 (1991). In that case, the Court interpreted the Constitution as prohibiting copyright protection for the facts contained in a database. The Court concluded that the Constitution's objective of promoting "the Progress of Science and useful arts" was accomplished by "encourag[ing] others to build freely upon the ideas and information conveyed by a work." *Id.* at 349. The Court has recognized that this fundamental policy of leaving facts in the public domain where they could be incorporated in new works has a First Amendment dimension as well: "Our profound national commitment to the principle that debate on public issues should be uninhibited, robust, and wide-open leaves no room for a statutory monopoly over information and ideas." *Harper & Row, Publishers, Inc., v. Nation Enters.*, 471 U.S. 539, 582 (1985). Affirmance of the decision below could undermine this information policy.

SUMMARY OF ARGUMENT

In *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340 (1991), the Court held that the Constitution's Intellectual Property Clause precluded copyright protection for facts. A publisher may copy raw facts at will and include them in a new database. The lower courts' interpretations of Section 43(a) of the Lanham Act could sharply limit the practical effect of *Feist* by requiring a publisher to provide

detailed attribution of the source of each fact that it included in its new database. This could have a negative impact on scientific research and commercial activity.

The threat posed by the lower courts' interpretations of Section 43(a) must be viewed in the context of the broader attacks against *Feist*. Publishers and website operators have employed theories such as breach of contract, trespass to chattels, and the Computer Fraud and Abuse Act to prevent the extraction and transformative use of data. Some publishers have also pursued *sui generis* database legislation in Congress and on the state level.

Any application of the "reverse passing off" doctrine to facts will undermine *Feist*, a landmark decision already under attack. Moreover, application of the Ninth Circuit's interpretation of the Lanham Act to facts would be unconstitutional. It would enable Congress to rely on its power under the Commerce Clause to circumvent a restriction on its power under the Intellectual Property Clause, in violation of this Court's holding in *Railway Labor Executives' Ass'n v. Gibbons*, 455 U.S. 457 (1982).

ARGUMENT

I. LOWER COURT INTERPRETATIONS OF THE LANHAM ACT UNDERMINE THIS COURT'S DECISION IN *FEIST*.

In 1991, this Court in a unanimous opinion in *Feist Publications, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340 (1991), rejected the "sweat of the brow" doctrine that bestowed copyright protection on the facts contained in databases by virtue of the effort the publisher expended in collecting the facts. Instead, the Court made clear that the Constitution's Intellectual Property Clause permitted copyright to protect only the original expression reflected by

the selection, coordination, and arrangement of the facts. The facts themselves remained in the public domain, free for others to copy and distribute. The lower courts' interpretations of the Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a) (2000), if allowed to stand, may have the effect of undermining *Feist*.

Respondents in their Opposition to the Petition for a Writ of Certiorari put forth the rather far fetched hypothetical of an aspiring novelist renaming Leo Tolstoy's *War and Peace* as *War in Russia* and selling it under his own name. Opposition at 21. A far more likely scenario appeared in *Feist*. There, Feist "bodily appropriated" listings from Rural Telephone's white pages and incorporated them into its own telephone directory. Under the Ninth Circuit's rule, Feist would have had to attribute those listings to Rural. Moreover, because those listings were interspersed with listings Feist had gathered from other sources, a single attribution at the front of Feist's directory might not have sufficed. Rather, Feist might have had to footnote each listing it obtained from the Rural directory. It similarly might have had to footnote each listing it extracted from a different source.

The Ninth Circuit's ruling, of course, poses problems not only for telephone directory publishers, but also for the authors and publishers of many other types of compilations and fact works. Scientists, economists, and analysts often use large amounts of data from earlier databases in order to construct more comprehensive databases or to compare different data sets. Similarly, historians might extract information from a table and intersperse it throughout a text. The Ninth Circuit's interpretation of Section 43(a) would require each fact to receive its own attribution. To be sure, the ethical rules of some academic disciplines require attribution of the sources of facts, but even they do not require attribution to the degree the Ninth Circuit might require.

Moreover, while an attribution rule might be appropriate in some academic contexts, it could impose significant costs in a business context and could have a chilling effect on the use of information in commerce. For example, a financial newsletter might extract information from a wide variety of sources to compare the performance of various financial instruments. If each individual fact on a comparison table had to have its own footnote, the table might become unreadable. Likewise, the Feist directory would be more difficult for Feist to maintain, and less user friendly, if each listing had to have its own footnote attributing its source.

The Second Circuit's "substantial similarity" rule is only marginally better. *See Waldman Publ'g Corp. v. Landoll, Inc.*, 43 F.3d 775 (2d Cir. 1994). Attribution would still be required if the second database incorporated data from the first database as a discrete set rather than integrating the data completely. This is because the discrete set of data in the second database would be "substantially similar" to the data in the first database. For example, a database that listed the batting average of each Major League player by team, rather than alphabetically or by batting average, would have to attribute each team listing to the source of the information for that team, *e.g.*, the team's website.[2] (Under the Ninth Circuit's rule, each player's average would have to be attributed separately if the averages were listed alphabetically or by average.)

The likelihood of confusion test employed by other circuits also is burdensome in the context of facts. In all but the most specialized situations, information users are not likely to care about the source of the information. They do

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[2] Likewise, a database of still images from silent films might require reproduction of the credits for each film adjacent to each image, because each image is "substantially similar" to an image in the film. Even though these images are parts of copyrighted works in the public domain, they are crucial 'facts' about the history of cinema.

not care whether the batting averages were determined by the individual players, the team, the league, the media, or some other entity. All they care about is the accuracy of the information and the ease of its use. To the extent that a given source of information has established a reputation for accuracy, other publishers that extract information from that source will have every incentive to attribute the source of the information, to the extent practicable, to convince consumers of the accuracy of the information in their database. But consumers certainly will not be harmed if the second publisher does not provide attribution, for the extracted information in both databases is the same. Thus, requiring attribution will impose a substantial cost on publishers without any offsetting benefit to consumers.

In sum, the standards for "reverse passing off" under the Lanham Act will erode the effect of this Court's ruling in *Feist*. There, the Court concluded that the Constitution's objective of promoting "the Progress of Science and useful arts" was accomplished by "encourag[ing] others to build freely upon the ideas and information conveyed by a work." *Feist*, 499 U.S. at 349. The Lanham Act, as applied by the lower courts, has the opposite affect: it impedes others from building freely on the information conveyed by a work.

II. *FEIST* IS UNDER ATTACK FROM NUMEROUS QUARTERS.

The threat to *Feist* posed by the Lanham Act must be viewed in the context of a broader attack on *Feist*. Ever since the Court issued *Feist* in 1991, certain database publishers have employed a variety of strategies, with varying degrees of success, to circumvent the effect of the Court's decision.

A. Three Causes of Action Related to Digital Technology Undercut *Feist*.

The most widespread assault comes from shrink-wrap or click-on licenses. In *ProCD, Inc. v. Zeidenberg*, 86 F.3d 1447 (7th Cir. 1996), for example, Zeidenberg copied white page listings from a set of compact discs distributed by ProCD. The CDs contained a "license" which appeared on the computer screen when the user installed the CDs in his computer. The license *inter alia* prohibited the copying of the white page listings. The Seventh Circuit concluded that Zeidenberg was bound by this license, and that Section 301(a) of the Copyright Act did not preempt the license terms prohibiting the copying of information held unprotectable by *Feist*. *ProCD*, 86 F.3d at 1453-1455.

As shrink-wrap and click-on licenses have become more prevalent, so too have the number of cases involving such licenses multiplied. Courts currently are split over whether shrink-wrap or click-on licenses are enforceable;[3] over whether license terms inconsistent with the Copyright Act can be preempted by 17 U.S.C. §301(a) (2000);[4] and over

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[3] *Compare Novell, Inc. v. Network Trade Ctr., Inc.*, 187 F.R.D. 657 (D. Utah 1997); *Morgan Labs., Inc. v. Micro Data Base Sys., Inc.*, 41 U.S.P.Q. 2d 1850 (N.D. Cal.1997); *Step-Saver Data Sys. v. Wyse Tech.*, 939 F.2d 91, 98-100 (3d Cir. 1991); *with Bowers v. Baystate Techs., Inc.*, Case No. 01-1108, 2003 U.S. App. LEXIS 1423 (Fed. Cir. January 29, 2003).

[4] *Compare Selby v. New Line Cinema Corp.*, 96 F. Supp. 2d 1053, 1061 (C.D. Cal. 2000); *Higher Gear Group v. Rockenbach Chevrolet Sales, Inc.*, 2002 U.S. Dist LEXIS 15474, *11 (N.D. Ill. 2002); *Endemol Entertainment, B.V. v. Twentieth Television, Inc.*, 48 U.S.P.Q. 2d 1524, 1525 (C.D. Cal. 1998); *Berkla v. Corel Corp.*, 66 F. Supp. 2d 1129, 1150 (E.D. Cal. 1999); *Arpaia v. Anheuser Busch Cos.*, 55 F. Supp. 2d 151, 162 (W.D.N.Y. 1999); *American Movie Classics Co. v. Turner Entertainment Co.*, 922 F. Supp. 926, 931-32 (S.D.N.Y. 1996); and *Wrench LLC v. Taco Bell Corp.*, 256 F.3d 446, 457 (6th Cir. 2001), *cert. denied*, 534 U.S. 1114 (2002) *with Nat'l Car Rental Sys., Inc. v. Computer Assocs., Int'l, Inc.*, 991 F.2d 426, 433 (8th Cir.), *cert. denied*,

whether such inconsistent terms are constitutionally preempted in accordance with this Court's holdings.[5] Most legal commentators, however, have expressed strong reservations about the enforcement of such terms.[6]

More recently, plaintiffs have alleged that the act of copying information from a website constitutes a trespass to chattels. For example in *eBay, Inc., v. Bidder's Edge, Inc.*,

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510 U.S. 861 (1993) and *Frontline Test Equipment, Inc. v. Greenleaf Software, Inc.*, 10 F. Supp. 2d 583 (W.D. Va. 1998).

[5] Constitutional preemption occurs when the federal and state laws conflict directly, so that compliance with both is a physical impossibility, or when state law "stands as an obstacle to the accomplishment and execution of the full purposes and objectives of Congress." *California Fed. Sav. & Loan Ass'n v. Guerra*, 479 U.S. 272, 281 (1987)(citation omitted). The Court explained that "[t]he offer of federal protection from competitive exploitation of intellectual property would be rendered meaningless in a world where substantially similar state law protections were readily available." *Bonito Boats, Inc., v. Thunder Craft Boats, Inc.*, 489 U.S. 141 151 (1989) (citation omitted). Constitutional preemption precludes the states from "interfer[ing] with the federal policy ... of allowing free access to copy whatever the federal patent and copyright laws leave in the public domain." *Id.* at 153. *See also Goldstein v. California*, 412 U.S. 546, 559 (1973); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 229 (1964); and *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964). *Compare Vault Corp. v. Quaid Software Ltd.*, 847 F.2d 255 (5th Cir. 1988), *with Bowers v. Baystate Techs., Inc.*, Case No. 01-1108, 2003 U.S. App. LEXIS 1423 (Fed. Cir. January 29, 2003).

[6] *See, e.g.*, 1 Melville B. Nimmer and David Nimmer, Nimmer on Copyright, §1.01[B][1][a] at 1-19 (2002) (suggesting that shrink-wrap licenses may be a "subterfuge"); Mark A. Lemley, *Beyond Preemption: The Law and Policy of Intellectual Property*, 87 Calif. L. Rev. 111 (1999); Charles R. McManis, *The Privatization (or "Shrinkwrapping") of American Copyright Law*, 87 Calif. L. Rev. 173 (1999); David A. Rice, *Public Goods, Private Contract and Public Policy: Federal Preemption of Software License Prohibitions Against Reverse Engineering*, 53 U. Pitt. L. Rev. 543 (1992); Dennis S. Karjala, *Federal Preemption of Shrinkwrap and On-Line Licenses*, 22 U. Dayton L. Rev. 511 (1997).

100 F. Supp. 2d 1058 (N.D. Ca. 2000), the court granted auction giant eBay a preliminary injunction, concluding that it was likely to prevail on the merits of its state trespass to chattels claim against Bidder's Edge (BE). BE was an "auction aggregator" that combined the auction listings from numerous online auction sites so that a user could go to one site to see what was available on all sites, rather than making separate visits to each auction site. To obtain the auction listings from eBay and the other auction sites, BE used software "web crawlers" that made multiple queries of the eBay auction database.

The court ruled that eBay granted only conditional access to its site, and that BE grossly exceeded those conditions by making repeated queries. *Id.* at 1070. The court also found that BE damaged the eBay website even though it placed a negligible load on eBay's server capacity. *Id.* The court ruled that "[e]ven if, as BE argues, its searches use only a small amount of eBay's computer system capacity, BE has nonetheless deprived eBay of the ability to use that portion of its personal property for its own purposes." *Id.* at 1071. The court held that the mere interference with a possessory interest is sufficient to establish damage.

Two courts have followed *eBay*: *Register.com, Inc. v. Verio, Inc.*, 126 F. Supp. 2d 238 (S.D.N.Y. 2000),[7] and *Oyster Software Inc., v. Forms Processing, Inc.*, No. C-00-0724, 2001 U.S. Dist. LEXIS 22520 (N.D. Cal. December 6, 2001). One court however, refused to find trespass on the basis of mere interference with possessory interest. The court in *Ticketmaster Corp. v. Tickets.com*, Case No. CV99-7654, 2000 U.S. Dist. LEXIS 12987 (C.D. Ca. August 10, 2000), held that "[a] basic element of trespass to chattels

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[7] This case is currently on appeal to the U.S. Court of Appeals for the Second Circuit.

must be physical harm to the chattel ... or some obstruction of its basic function ...."[8]

A third approach to limiting *Feist* is the Computer Fraud and Abuse Act, 18 U.S.C. § 1030 (2000). The CFAA imposes liability on whomever "intentionally accesses a computer without authorization or exceeds authorized access, and thereby obtains ... information from any protected computer if the conduct involved an interstate or foreign communication." § 1030(a)(2)(C).[9] The CFAA permits a private cause of action to be brought by any person who suffers $5,000 of loss by reason of a violation of this section. §§ 1030(a)(5)(B)(i), 1030(g).[10] Because "loss" includes the cost of responding to the offense or conducting a damage assessment, a website operator can obtain injunctive relief and an award of economic damages against a person who extracts without authorization as little as one fact from its website, provided that the operator spends $5,000 on a "damage assessment."

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[8] Most scholars oppose the use of trespass to chattels in online database cases. *See, e.g.*, Edward W. Chang, *Bidding on Trespass: eBay, Inc. v. Bidder's Edge, Inc. and the Abuse of Trespass Theory in Cyberspace Law*, 29 AIPLA Q. J. 445 (2001); Niva Elkin-Koren, *Let the Crawlers Crawl: On Virtual Gatekeepers and the Right to Exclude Indexing*, 26 U. Dayton L. Rev. 179 (2001); Maureen A. O'Rourke, *Shaping Competition on the Internet: Who Owns Product and Pricing Information?*, 53 Vand. L.Rev. 1965 (2000); Dan L. Burk, *The Trouble with Trespass*, 4 J. Small & Emerging Bus. L. 27 (2000).

[9] A "protected computer" is defined as a computer "which is used in interstate or foreign commerce or communication...." § 1030(e)(2)(B). Thus, any computer that is connected to the Internet is a "protected computer."

[10] The term "loss" is defined as "any reasonable cost to any victim, including the cost of responding to an offense, conducting a damage assessment, and restoring the data, program, system, or information to its condition prior to the offense, and any revenue lost, cost incurred, or other consequential damages incurred because of interruption of service."

So far, two courts have found liability under the CFAA for the extraction of information from a publicly accessible website. In *EF Cultural Travel BV v. Explorica, Inc.*, 274 F.3d 577 (1st Cir. 2001), several former employees of EF organized Explorica to compete with EF in the student travel market. In order to determine the prices EF was charging for its tours so that it could underprice them, Explorica used an Internet "scraper" program designed specifically to mine all the necessary price information from the EF website.[11] Similarly, in *Register.com, Inc. v. Verio, Inc.*, 126 F. Supp. 2d 238 (S.D.N.Y. 2000), Register.com, a registrar of Internet domain names, operated a publicly accessible WHOIS database that contained the names and contact information for domain name registrants. Verio, a provider of webhosting and other Internet services, accessed Register.com's WHOIS database by an automated search robot that gleaned specific facts from Register.com's database. Verio used this information to telemarket Internet services to businesses that had recently registered domain names. As noted above, both EF and Verio were found liable for violating the CFAA.

Indeed, the *Verio* court also found Verio liable for breach of contract and trespass to chattels. *Verio*, 126 F. Supp. 2d at 245-251. The contract at issue was a "browse-wrap" license on the Register.com website which stated that if a user issued a query, he agreed not to use the results of the query for

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[11] The court found that Explorica exceeded authorized access because in developing the scraper program, Explorica used proprietary EF travel codes that Explorica employees had obtained under a confidentiality agreement when they worked for EF. *Explorica*, 274 F.3d at 582-583. In a related decision, however, the First Circuit stated that "[a] lack of authorization could be established by an explicit statement on the website restricting access." *EF Cultural Travel BV v. Zefer Corp.*, No. 01-2001, 2003 U.S. App. LEXIS 1336, at *9 (1st Cir. January 28, 2003).

marketing purposes. *Id.* at 245. The court predicated CFAA liability on the breach of this browse-wrap license as well. *Id.* at 253. *Verio* thus demonstrates how these three overlapping theories prevent use of information left in the public domain by *Feist*.

These three theories, if left unchecked, will confer on publishers far more control over facts than did the "sweat of the brow" doctrine found unconstitutional by the Court in *Feist*. Under "sweat of the brow," the defendant had to engage in wholesale copying of the compilation on which the publisher expended great resources. In contrast, under these theories, retrieving even one piece of information from a trivial database on a website can trigger liability.

B. Database Legislation Has Been Introduced To Overturn *Feist*

In addition to developing new causes of action, database publishers have actively pursued *sui generis* database legislation in Congress since 1996. In 1998, in the 105th Congress, database legislation passed the House of Representatives twice – once as a stand-alone bill and once as a title of the Digital Millennium Copyright Act. Fortunately, the database title was dropped by the Conference Committee.[12] In the 106th Congress, the House Judiciary Committee and the House Commerce Committee passed competing database bills. During the recently concluded 107th Congress, the staffs of the House Energy and Commerce and Judiciary Committee engaged in lengthy negotiations in an effort to reach a consensus bill. These negotiations are expected to continue in the 108th Congress.

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[12] *See* Jonathan Band and Makoto Kono, *The Database Protection Debate in the 106th Congress*, 62 Ohio St. L. J. 869, 871 (2001).

Most of the bills introduced closely follow the EU Database Directive, which establishes *sui generis* protection for databases.[13] The stated goal of the database legislation is to restore the "sweat of the brow" protection rejected by this Court in *Feist*. *See* H.R. Rep. No. 106-349, at 10 (1999). The Justice Department, the Federal Trade Commission, and the Department of Commerce observed that such legislation might violate both the Intellectual Property Clause and the First Amendment.[14] Additionally, scholars have challenged these bills on both constitutional and policy grounds.[15]

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[13] Under the Database Directive, EU member states must adopt legislation that "prevent[s] the extraction and/or reutilization of the whole or a substantial part, evaluated qualitatively and/or quantitatively, of the contents of [a] database." Council Directive 96/9/EC of 11 March 1996 on the Legal Protection of Databases 1996 O.J. (L77) 20, at art. 7. H.R. 354 in the 106th Congress provided that "[a]ny person who makes available to others, or extracts to make available to others, all or a substantial part of a collection of information ... so as to cause material harm to the primary market or a related market ... shall be liable ...." For a discussion of the relationship between *Feist* and the Database Directive, *see* Jonathan Band and Laura F.H. McDonald, *The Proposed EC Database Directive: The "Reversal" of Feist v. Rural Telephone*, 9 The Computer Lawyer 19 (June 1992).

[14] *See* Band and Kono at 872; Letter from Robert Pitofsky, Chairman, Federal Trade Commission, to the Hon. Tom Blilely, Chairman, Committee on Commerce, United States House of Representatives (September 28, 1998), *available at* www.ftc.gov/os/1998/9809/antipirabli.htm; Memorandum from William Michael Treanor, Deputy Assistant Attorney, United States Department of Justice, for William P. Marshall, Associate White House Counsel (July 28, 1998), *available at* www.acm.org/usacm/copyright/doj-hr2652-memo.html.

[15] *See, e.g.*, Yochai Benkler, *Constitutional Bounds of Database Protection: The Role of Judicial Review in the Creation and Definition of Private Rights in Information*, 15 Berkeley Tech. L.J. 535 (2000); Malla Pollack, *The Right to Know?: Delimiting Database Protection at the Juncture of the Commerce Clause, the Intellectual Property Clause and the First Amendment*, 17 Cardozo Arts & Ent. L.J. 47 (1999); William

III. CONGRESS CANNOT USE THE COMMERCE CLAUSE TO END-RUN THE INTELLECTUAL PROPERTY CLAUSE.

Any application of the "reverse passing off" doctrine to facts will undermine *Feist*, a landmark decision already under attack. Moreover, application of the Ninth Circuit's interpretation of the Lanham Act to facts would be unconstitutional. It would enable Congress to rely on its power under the Commerce Clause to circumvent a restriction on its power under the Intellectual Property Clause.

In *Feist*, the unanimous Court held that "no one may copyright facts or ideas." *Feist*, 449 U.S. at 353. The Court rejected the "sweat of the brow" doctrine, under which the copyright in a database extended to the facts it contained. The Court stated that the sweat of the brow doctrine "flouted basic copyright principles," *Id.* at 354, and concluded that "only the compiler's selection and arrangement may be protected; the raw facts may be copied at will." *Id.* at 350.

Significantly, the *Feist* Court based its ruling not on the Copyright Act, but on the Intellectual Property Clause of the U.S. Constitution. Article I, Section 8, cl. 8 authorizes Congress "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors ... the exclusive Right to their Respective Writings..." From this clause, the Court inferred that "[o]riginality is a constitutional requirement" for copyright protection, *Feist*, 499 U.S. at 346, and held that facts by definition are not original. They are discovered rather than created. *Id.* at 347.

Patry, *The Enumerated Powers Doctrine and Intellectual Property: An Imminent Constitutional Collision*, 67 Geo. Wash. L. Rev. 359 (1999). *See also* H.R. Rep. No. 105-525, at 28-31 (1998) (statement of dissenting views of Rep. Zoe Lofgren, Member, House Comm. on the Judiciary).

The Lanham Act, as interpreted by the lower courts, is in potential conflict with *Feist*'s injunction that "raw facts may be copied at will." *Id.* at 350. The Court in *Railway Labor Executives' Ass'n. v. Gibbons*, 455 U.S. 457 (1982), considered a similar conflict -- a statute enacted by Congress pursuant to the Commerce Clause which provided protection to employees of a railroad in bankruptcy. The Court held that the statute was inconsistent with the uniformity requirement of the Bankruptcy Clause. *Id.* at 471. The Court further held that Congress cannot avoid the particular requirements of one enumerated power by relying on another power; Congress cannot avoid the uniformity requirement of the Bankruptcy Clause by relying on the generality of the Commerce Clause. *Id.* at 468-469.

Congress enacted the Lanham Act pursuant to its power under the Commerce Clause. But under *Railway Labor*, Congress may not invoke the commerce power to do what the Intellectual Property Clause bars it from doing: granting "exclusive Right[s]" in uncopyrightable subject matter. Congress cannot avoid the originality requirement of the Intellectual Property Clause by relying on the general powers of the Commerce Clause.[16]

Stated differently, the Intellectual Property Clause constitutes not only a grant of power to Congress but also a limitation on Congress. *See Bonito Boats*, 489 U.S. at 146 ("[a]s we have noted in the past, the [Intellectual Property] Clause contains both a grant of power and certain limitations upon the exercise of that power"); *Graham v. John Deere Co.*, 383 U.S. 1, 5-6 (1966) ("[t]he clause is both a grant of power and a limitation. . . . Congress may not authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access

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[16] *See* Julie E. Cohen, *Copyright and The Jurisprudence of Self-Help*, 13 Berkeley Tech. L.J. 1089, 1131-32 (1998).

to materials already available."). The Intellectual Property Clause precludes Congress from providing protection against the copying of facts, and Congress cannot use the Commerce Clause to avoid the implicit strictures of the Intellectual Property Clause, as interpreted by the Court in *Feist.* Congress's reliance on the commerce power does not obviate any of the constitutional limits on the exercise of congressional power under the Intellectual Property Clause.[17]

As a general matter, "reverse passing off" lacks a clear statutory basis.[18] Nevertheless, the reasoning of *Railway Labor* does not invalidate Section 43(a) *per se*; it just precludes an interpretation that requires the attribution of the source of facts.

In addition to conflicting with the Intellectual Property Clause, the Lanham Act as applied to facts also raises serious First Amendment concerns. It is well settled that copyright's abhorrence of protection for facts has a clear First Amendment dimension. As the Court stated in *Harper & Row, Publishers, Inc. v. Nation Enters.* 471 U.S. 539, 582 (1985):

> Our profound national commitment to the principle that debate on public issues should

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[17] *See* William Patry, *The Enumerated Powers Doctrine and Intellectual Property: An Imminent Constitutional Collision*, 67 Geo. Wash. L. Rev. 359 (1999).

[18] Courts steer Section 43(a) into dangerous waters when they remove it from its consumer protection function. As this Court stated with respect to the trademark laws, "its general concern is with protecting consumers from confusion as to source. While that may result in the creation of quasi property rights in communicative symbols, the focus is on the protection of consumers, not the protection of producers as an incentive to product innovation." *Bonito Boats*, 489 U.S. at 157. The potential application of "reverse passing off" to facts illustrates these dangers: Consumers cannot be harmed by the "bodily appropriation" of data without attribution, since the information loses nothing in genuineness or reliability from its transposition.

> be uninhibited, robust, and wide-open leaves no room for a statutory monopoly over information and ideas. The arena of public debate would be quiet, indeed, if a politician could copyright his speeches or a philosopher his treatises and thus obtain a monopoly on the ideas they contained. A broad dissemination of principles, ideas, and factual information is crucial to the robust public debate and informed citizenry that are the essence of self-government. And every citizen must be permitted freely to marshal ideas and facts in the advocacy of particular political choices.

(Citations and quotation omitted.)

Earlier this term, the Court enlarged on this theme when it observed that the "copyright law contains built-in First Amendment accommodations" such as the idea/expression dichotomy. *Eldred v. Ashcroft*, 123 S. Ct. 769, 71 U.S.L.W. 4052 (2003). Quoting *Harper & Row*, the Court stated that the "idea/expression dichotomy strike[s] a definitional balance between the First Amendment and the Copyright Act by permitting the free communication of facts while still protecting an author's expression." *Id.* at 789, *quoting* 471 U.S. at 556. The Court concluded that "[d]ue to this distinction, every ... fact in a copyrighted work becomes instantly available for public exploitation at the moment of publication." A Lanham Act impediment to the use of facts frustrates this critical First Amendment accommodation.

CONCLUSION

Feist already is in danger of death from a thousand cuts: shrink-wrap licenses, trespass to chattels, the Computer Fraud and Abuse Act, and *sui generis* database legislation. The Court should not compound this danger by allowing

Section 43(a) to impose an attribution requirement on facts copied from another source. Such a requirement would undermine the United States' fundamental information policy articulated in *Feist*: "all facts -- scientific, historical, biographical, and news of the day .... are part of the public domain available to every person." *Feist*, 499 U.S. at 348 (citations and quotations omitted).

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No. 02-428

IN THE

Supreme Court of the United States

DASTAR CORPORATION,

Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORPORATION,
SFM ENTERTAINMENT LLC, and
NEW LINE HOME VIDEO INC.,

Respondents.

ON WRIT OF CERTIORARI TO THE
UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

AMICUS CURIAE BRIEF OF THE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF NEITHER PARTY

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QUESTIONS PRESENTED

1. Does Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), require an independent showing that consumers will likely be confused by a defendant's false designation of origin or false or misleading description or representation of fact?

2. Does Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a), authorize enhancement of a monetary award solely for deterrent purposes?

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AMICUS CURIAE BRIEF OF THE AMERICAN INTELLECTUAL PROPERTY LAW ASSOCIATION IN SUPPORT OF NEITHER PARTY

The American Intellectual Property Law Association ("AIPLA") respectfully submits this brief as *amicus curiae* in support of neither party.

INTEREST OF THE *AMICUS CURIAE*[1]

The AIPLA is a national bar association of more than 14,900 members with interests and practices primarily in the areas of patent, trademark, copyright, trade secret, and other areas of intellectual property law. Unlike areas of practice in which separate and distinct plaintiffs' and defendants' bars exist, most intellectual property lawyers represent both intellectual property owners and alleged infringers.

The AIPLA has no interest in any party to this litigation or stake in the outcome in this case, other than its interest in seeking a correct interpretation of the intellectual property laws and related laws of unfair competition.

In accordance with Supreme Court Rule 37.3(a), the AIPLA has obtained written consent to the filing of this brief from the counsel of record for both parties. The letters of consent have been filed with the Clerk of the Court.

---

1. In accordance with Supreme Court Rule 37.6, *amicus curiae* states that this brief was not authored, in whole or in part, by counsel to a party, and that no monetary contribution to the preparation or submission of this brief was made by any person or entity other than the *amicus curiae* or its counsel.

SUMMARY OF ARGUMENT

Claims for reverse passing off under Section 43(a) of the Lanham Act, 15 U.S.C. § 1125(a), require that the plaintiff prove a likelihood of confusion. To the extent the Ninth Circuit holds that "bodily appropriations" of a plaintiff's creative work are proscribed by Section 43(a) without a showing of likelihood of confusion, its analysis is contrary to the plain meaning of the statute. In any case alleging reverse passing off under Section 43(a) – whether the defendant's work is bodily appropriated or merely substantially similar to the plaintiff's – the court should determine: (1) whether the defendant has falsely designated the origin of the work, or made any other false or misleading description or representation of fact; that (2) is likely to cause confusion, mistake, or deceit as to the origin, sponsorship, or approval of the work. Both elements are required to establish a violation of Section 43(a).

Requiring the plaintiff to prove likelihood of confusion under Section 43(a) also eliminates any conflict with the Constitution. Section 43(a) does not have the effect of creating perpetual patents or copyrights because it does not prevent the mere copying and selling of materials in the public domain. Rather, it only proscribes falsely designating or misrepresenting the origin of such materials in a manner likely to cause confusion. Thus, Section 43(a) coexists harmoniously with the patent and copyright laws enacted pursuant to Article I, Section 8, Clause 8 of the Constitution.

Finally, Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a), requires that enhanced awards of the defendant's profits be compensatory and not a penalty. To the extent the Ninth Circuit holds that profits awards may be enhanced

solely for deterrent purposes, such a holding is again contrary to the plain meaning of the statute. While deterrence may be a factor, an enhanced award under Section 35(a) must serve a compensatory purpose.

ARGUMENT

I. A Reverse Passing Off Claim Under The Lanham Act Requires Proof That Consumers Are Likely To Be Confused.

A. Section 43(a) of the Lanham Act Includes a Cause of Action for Reverse Passing Off.

Section 43(a) prohibits, among other things, a "false designation of origin, false or misleading description of fact, or false or misleading representation of fact" that "is likely to cause confusion, or to cause mistake, or to deceive as to . . . the origin, sponsorship, or approval of [defendant's] goods." 15 U.S.C. § 1125(a)(1)(A). This language plainly covers, for example, a claim in which A takes B's goods and markets them as A's own. This situation is commonly referred to as "reverse passing off." 2 J. Gilson, *Trademark Protection and Practice* § 7:02[5][b] (2002). The express language of Section 43(a) prohibits reverse passing off, *provided that confusion is likely*, because A falsely designates B's goods as A's own, creating a false designation of the origin of the goods.

Every circuit, with the possible exception of the First Circuit, prohibits reverse passing off under Section 43(a). Lori H. Freedman, *Reverse Passing Off: A Great Deal of Confusion*, 83 Trademark Rep. 305, 317 (May-June 1993) (questioning whether the First Circuit would recognize

reverse passing off). Courts in the various circuits have split, however, over what a plaintiff must prove to prevail on a reverse passing off claim involving creative works. The main split is demonstrated by the diverse positions of the Ninth and Second Circuits, which rely on the "bodily appropriation" and "substantial similarity" tests, respectively. *Compare*, *Waldman Publ'g Corp. v. Landoll, Inc.*, 43 F.3d 775, 782 (2d Cir. 1994) *with Twentieth Century Fox Film Corp. v. Entm't Distrib.*, Pet. App. A at 3a-4a (9th Cir. 2002). Some courts from other circuits have expressly adopted either the Ninth or Second Circuit approach, while others have discussed the conflict without following either test. *Compare*, *Dahlen v. Michigan Licensed Beverage Ass'n*, 132 F. Supp. 2d 574, 590 (E.D. Mich. 2001) (following the Second Circuit approach but noting that the Sixth Circuit had not yet decided which standard to use in reverse passing off cases), *and Campbell v. Osmond*, 917 F. Supp. 1574, 1583 (M.D. Fla. 1996) (adopting the Second Circuit test), *with Robinson v. New Line Cinema Corp.*, 42 F. Supp. 2d 578, 597 n.31 (D. Md. 1999) (noting the split between the Second and Ninth Circuits but finding it unnecessary in that case to choose between them), *rev'd w/o op.*, 211 F.3d 1265 (4th Cir. 2000).

Neither the Second nor the Ninth Circuit test, however, properly follows the statutory framework stated in the Lanham Act. The statute requires both a false designation of origin (or false or misleading description or representation of fact) *and* a likelihood of confusion. The Second Circuit at least recognizes that Section 43(a) delineates those two as separate requirements. *Waldman*, 43 F.3d at 780. But to the extent the Second Circuit has implied that a plaintiff could prove likely confusion merely by showing that the works are "substantially similar," the Second Circuit test is flawed. *Id.* at 784 (concurring with the district court that consumers

would likely be confused "even though the Landoll books are 'substantially similar' to but not 'bodily appropriations' of the Waldman books" without analyzing any other indicia of confusion); *Kaplan v. Stock Mkt. Photo Agency, Inc.*, 133 F. Supp. 2d 317, 329-30 n.17 (S.D.N.Y. 2001) ("The Second Circuit . . . has judged likelihood of confusion based on substantial similarity.")

The Ninth Circuit's test is even more flawed. It essentially recognizes as a *prima facie* case of reverse passing off a showing that the defendant bodily appropriated the plaintiff's work, without a separate showing that confusion is likely. "[B]ecause the 'bodily appropriation' test subsumes the 'less demanding 'consumer confusion' standard,'" the Ninth Circuit reasons, a plaintiff need not demonstrate further that the defendant's actions would confuse consumers. *Twentieth Century Fox*, Pet. App. A at 3a-4a. False designation and likelihood of confusion are distinct statutory elements requiring separate analyses. *Waldman*, 43 F.3d at 781 ("Consumer confusion is a separate Lanham Act requirement . . . and does not bear on . . . what makes a designation 'false.'"). When a court such as the Ninth Circuit conflates these two requirements, it effectively ignores the distinction between them.

B. Section 43(a) Requires First that the Plaintiff Prove a False Designation of Origin or False or Misleading Description or Representation of Fact.

The classic reverse passing off case involves A selling B's manufactured product under A's name or mark. In that case, A has falsely designated the origin of its goods; consumers see A's mark on B's product and may, justifiably, assume that A manufactured it. Conversely, if A merely copies

B's product (one in which B can claim no patent, copyright, or trade dress protection) but does not falsely designate its origin (e.g., A marks the product with A's name), no reverse passing off has occurred. These two hypotheticals illustrate two of the more straightforward scenarios demonstrating the reverse passing off doctrine.

A more complicated situation arises when the product is a creative work. *See Waldman*, 43 F.3d at 780 (noting that "[r]everse passing off as applied to a written work involves somewhat different concepts"). In this context, the Second Circuit states that A's work need be only "substantially similar" to B's work to prove a false designation of origin. *Id.* at 783. The Ninth Circuit requires that A "bodily appropriated" B's work. *Twentieth Century Fox*, Pet. App. A at 3a-4a. Neither substantial similarity nor bodily appropriation alone, however, proves a false designation of origin. False designations or misleading descriptions or representations of fact could potentially arise in both situations. The proper inquiry under Section 43(a) in either situation should focus on whether defendant's *claimed contribution* to the work is false or misleading.

Why, as a matter of policy, should it be permissible for a second-comer to manufacture and sell an exact duplicate of another's unpatented article using the second-comer's own name as the brand, while Section 43(a) generally prohibits that same second-comer from making and selling an identical (or perhaps merely even a substantially similar) copy of another's uncopyrighted book using the second-comer's name as the author? The critical distinction is what the defendant says (or implies) to the public when selling the product. Placing your brand on a product you manufacture is a truthful

designation of origin; claiming authorship[2] of a book you did not write is false.[3] It is this false designation of origin – not the mere act of copying – that crosses the Section 43(a) line.

C. Section 43(a) Also Requires the Plaintiff to Prove that Consumers Will Likely be Confused.

The Ninth Circuit first addressed a reverse passing off claim involving a creative work in 1981 in *Smith v. Montoro*, 648 F.2d 602 (9th Cir. 1981). At that time, Section 43(a) proscribed "a false designation of origin, or any false description or representation" used in connection with goods or services, but did not expressly require a likelihood of confusion.[4] Finding that the defendant's alleged conduct in

2. This Court has "defined 'author,' in a constitutional sense, to mean 'he to whom anything owes its origin; originator; maker.'" *Feist Publ'ns, Inc. v. Rural Tel. Serv. Co.*, 499 U.S. 340, 346 (1991) (quoting *Burrow-Giles Lithographic Co. v. Sarony*, 111 U.S. 53, 58 (1886)). To establish oneself as an "author," he or she must "prove 'the existence of those facts of originality, of intellectual production, of thought, and conception.'" *Id.* at 346-47 (quoting *Burrow-Giles*, 111 U.S. at 59-60).

3. *E.g.*, *Johnson v. Jones*, 149 F.3d 494, 503 (6th Cir. 1998) ("[D]efendant has taken the plaintiff's product and has represented it to be his own work. It is difficult to imagine how a designation of origin of a product could be more false, or could be more likely to cause confusion or mistake as to the actual origin of the product.").

4. Before Congress amended the statute in 1989, Section 43(a) stated:

> Any person who shall affix, apply, or annex, or use in connection with any goods or services . . . a false

(Cont'd)

that case (which involved removing the plaintiff's name from the credits in a film he had starred in and replacing it with another actor's name) constituted "express reverse passing off," the court held that plaintiff's claim "appears to fall within the express language of section 43(a)" without specifically addressing whether confusion was likely.[5] *Id.* at 607.

Subsequent Ninth Circuit decisions continued to focus on whether the defendant's conduct fell within the literal language of Section 43(a) and the court's definition of "reverse passing off" without separately addressing likelihood of confusion. Even after Congress in 1989 amended Section 43(a) to expressly require a likelihood of confusion, 15 U.S.C. § 1125(a)(1)(A), the Ninth Circuit continued to quote the old version of the statute. *E.g.*, *Cleary*

(Cont'd)

> designation of origin, or any false description or representation, including words or other symbols tending falsely to describe or represent the same . . . shall be liable to a civil action by any person . . . who believes that he is or is likely to be damaged by the use of such false description or representation.

15 U.S.C. § 1125(a) (as enacted in 1946). Although the pre-1989 version of Section 43(a) did not expressly require that a plaintiff prove likelihood of confusion, many cases interpreted the statute to include such a requirement. Lori H. Freedman, *Reverse Passing Off: A Great Deal of Confusion*, 83 Trademark Rep. 305, 306-16 (May-June 1993) (providing a history of the doctrine).

5. In discussing the policy underlying why reverse passing off is wrongful, the court did, however, explain that "[t]he ultimate purchaser (or viewer) is . . . deprived of knowing the true source of the product and may even be deceived into believing that it comes from a different source." *Smith*, 648 F.2d at 607.

v. News Corp., 30 F.3d 1255, 1259 n.2 (9th Cir. 1994); *Shaw v. Lindheim*, 919 F.2d 1353, 1364 (9th Cir. 1990). Thus, the Ninth Circuit's failure to require a separate showing of likely confusion for a Section 43(a) reverse passing off claim appears to be a vestige of history.

Although two Ninth Circuit decisions involving reverse passing off claims have mentioned likelihood of confusion in passing, those were only in the context of finding that the parties' products were so different that "the likelihood that the two [products] will be confused is minimal." *Summit Machine Tool Mfg. Corp. v. Victor CNC Sys., Inc.*, 7 F.3d 1434, 1439 (9th Cir. 1993); *Shaw*, 919 F.2d. at 1364. Of course, the proper issue in reverse passing off cases is not the likelihood that the parties' *products* will be confused, but the likelihood that consumers will be confused as to the *origin* of the defendant's product. 15 U.S.C. § 1125(a)(1)(A).

This Court has recognized likelihood of confusion as an essential element under Section 43(a). Whether the violation is called "infringement, unfair competition or false designation of origin, the test is identical – is there a 'likelihood of confusion?'" *Two Pesos, Inc. v. Taco Cabana, Inc.*, 505 U.S. 763, 780 (1992) (Scalia, J., concurring) (quoting *New West Corp. v. NYM Co. of Calif., Inc.*, 595 F.2d 1194, 1201 (9th Cir. 1979)) (internal quotation marks omitted); *see also id.* at 769 (stating that "[i]t is, of course, undisputed that liability under § 43(a) requires proof of the likelihood of confusion"). Indeed, "likelihood of confusion is the essence of an unfair competition claim." *Johnson*, 149 F.3d at 502.

Courts typically consider a variety of factors when assessing likelihood of confusion in the traditional trademark infringement context.[6] Some of those factors may not generally be applicable in a reverse passing off context. For example, factors relating to the similarity and distinctiveness of the parties' marks would not seem applicable since it is not the marks themselves that are at issue in a reverse passing off case. *Lipscher v. LRP Publ'ns, Inc.*, 266 F.3d 1305, 1313-14 (11th Cir. 2001); *Johnson*, 149 F.3d at 503. On the other hand, certain other factors, such as the defendant's intent, actual confusion, similarity of marketing channels, sophistication of purchasers, and similarity of products, may be highly relevant in many reverse passing off cases.

Of course, the most critical "factor" in a reverse passing off case will likely be the specific representations the defendant has made about the origin of the product it is selling, and whether such representations are false or misleading. This is the essence of a reverse passing off case. Courts should closely analyze what the defendant has said or implied about the product's origin, and whether consumers would likely be confused, misled, or deceived by those statements.[7]

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6. 4 J. T. McCarthy, *McCarthy on Trademarks and Unfair Competition* § 23:19 (4th ed. 2001) ("*McCarthy*") (reciting the factors from the Restatement (Third) of Unfair Competition §§ 20-23 (1995)). These factors do not represent an exhaustive list nor should courts apply them in a mechanical fashion. *Id.* §§ 24:29-24:30.

7. For example, in this case, Dastar made the following statements at the beginning of each video: "DASTAR CORP presents an ENTERTAINMENT DISTRIBUTING production," and, at the end of the video, identified three Dastar employees as the "producers."

(Cont'd)

D. Properly Construed, There Is No Conflict Between Section 43(a) Protection Against Reverse Passing Off and the Constitution.

In seeking certiorari, Petitioner argued that this case raises the same constitutional issue left open in this Court's decision in *TrafFix Devices, Inc. v. Marketing Displays, Inc.*, 532 U.S. 23, 35 (2001), namely whether the Lanham Act may extend intellectual property protection beyond the limited term conveyed under the patent and copyright clause of the Constitution. *See* Petitioner's Petition for a Writ of Certiorari at 4 and Reply Brief at 1. However, properly construed, Section 43(a) raises no such constitutional conflict. Because claims under Section 43(a) (including reverse passing off claims) require the plaintiff to prove a likelihood of confusion, they do not conflict with the Constitution or interfere with the public's right to copy unpatented and uncopyrighted materials.

1. The public has a right to copy materials in the public domain.

The public has a right to copy materials that fall into the public domain following expiration of patent or copyright protection. *E.g.*, *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 152 (1989) ("We have long held that after the expiration of a federal patent, the subject matter of the patent passes to the free use of the public as a matter of federal law"); *Bailey v. Logan Square Typographers, Inc.*, 441 F.2d 47, 51

(Cont'd)

AIPLA takes no position on whether these statements or any other actions by Dastar constitute a false designation of origin or false or misleading description or representation of fact, nor whether they are likely to cause confusion as to the origin, sponsorship, or approval of Dastar's videos. However, these are the issues that should be considered on remand.

(7th Cir. 1971) (uncopyrighted published matter "may be freely copied as a matter of federal right"), quoted with approval in *Bonito Boats*, 489 U.S. at 164.[8] The right to copy public domain materials is grounded in the Constitution. *Bailey*, 441 F.2d at 50.

Article I, Section 8, Clause 8 authorizes Congress "To promote the Progress of Science and useful Arts, by securing for limited Times to Authors and Inventors the exclusive Right to their respective Writings and Discoveries." This provision of the Constitution

> contains both a grant of power and certain limitations upon the exercise of that power. Congress may not create patent monopolies of unlimited duration,[9] nor may it "authorize the issuance of patents whose effects are to remove existent knowledge from the public domain, or to restrict free access to materials already available."

Bonito Boats, 489 U.S. at 146 (quoting *Graham v. John Deere Co. of Kansas City*, 383 U.S. 1, 6 (1966)). Thus, Congress cannot usurp the public's right to copy public domain materials.

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8. *Accord*; *Compco Corp. v. Day-Brite Lighting, Inc.*, 376 U.S. 234, 237 (1964); *Sears, Roebuck & Co. v. Stiffel Co.*, 376 U.S. 225, 231 (1964); *Kellogg Co. v. National Biscuit Co.*, 305 U.S. 111, 119-22 (1938); *Singer Mfg. Co. v. June Mfg. Co.*, 163 U.S. 169, 185 (1896) (all noting that, because unpatented articles are or become part of the public domain, the public has a right to copy and use those articles without incurring liability under the federal patent laws).

9. *Cf. Eldred v. Ashcroft*, 123 S. Ct. 769, 783-84 (2003) (upholding constitutionality of the Copyright Term Extension Act because it did not create "a regime of perpetual copyrights").

2. The public, however, does not have a right to market public domain materials in a confusing, misleading or deceptive manner.

Counterbalancing the public's right to copy public domain materials are laws prohibiting unfair competition. Although members of the public are free to copy articles in the public domain, they may not market those articles in a manner likely to confuse or deceive consumers as to the origin of the article. *Kellogg*, 305 U.S. at 120 (upon patent expiration, defendant "was free to use the [previously patented] form, subject only to the obligation to identify its product lest it be mistaken for that of the plaintiff"). Marketers are obligated to use "reasonable means to prevent confusion." *Id.* at 121.

3. Because Section 43(a) requires a likelihood of confusion, it does not conflict with the Constitution.

As this Court stated in *Bonito Boats*, unfair competition laws have "coexisted harmoniously with federal patent protection for almost 200 years. . . ." 489 U.S. at 166. These regimes are based on very different policies and address fundamentally different concerns. It contrast to patent and copyright laws,

> The law of unfair competition has its roots in the common-law tort of deceit: its general concern is with protecting *consumers* from confusion as to source. . . . [T]he focus is on the protection of consumers, not the protection of producers as an incentive to product innovation.

Id. at 157. Unfair competition laws do not interfere with the public's right to copy because "[t]he 'protection' granted a

particular design under the law of unfair competition is . . . limited to one context where consumer confusion is likely to result; the design 'idea' itself may be freely exploited in all other contexts." *Id.* at 158.

This Court has specifically recognized Section 43(a) as, in essence, a federal unfair competition statute that is "consistent with the balance struck by the patent laws." *Id.* at 166.[10] Section 43(a) does not proscribe the mere acts of copying and selling articles, but rather only doing so in a way likely to confuse consumers. For example, in the context of reverse passing off claims involving uncopyrighted creative works (such as in this case), Section 43(a) does not prohibit copying and selling such works, but does prohibit falsely claiming authorship or misrepresenting other facts likely to confuse consumers about the origin, sponsorship, or approval of the work.

For this reason, reverse passing off claims under Section 43(a), properly construed, do not run afoul of the concern identified in *TrafFix*. Art. I, § 8, cl. 8 does not "of its own force, prohibit[] the holder of an expired utility patent [or copyright] from claiming [reverse passing off] protection," *TrafFix*, 532 U.S. at 35, because that holder is not seeking to prevent the mere act of copying or selling an article. Rather, the holder seeks only to prevent competitors from marketing the article in a deceptive manner. Thus, reverse passing off protection under Section 43(a) is not "the practical equivalent of an expired utility patent [or copyright]." *Id.*; *see also Waldman*, 43 F.3d at 781 (noting that "the Copyright Act and the Lanham Act address

10. As Professor McCarthy notes, however, Section 43(a) is not as broad as the overall law of "unfair competition" since it covers only certain forms of unfair competition. *McCarthy* §§ 27:7-27:9.

different harms" and that an appropriate injunction will prohibit only the copying of a public-domain work with a false representation as to the source, not all copying).

II. A Court Applying Section 35(a) Of The Lanham Act May Not Award Twice The Defendant's Profits For Purely Deterrent Purposes.

In its conclusions of law, the district court stated that Section 35(a) of the Lanham Act, 15 U.S.C. § 1117(a),

> confers authority on the Court to treble or otherwise increase the award of defendants' profits *in order to deter future infringing conduct*. An award of double damages is particularly appropriate here, because, as described above, defendants' infringement was willful. Thus, plaintiffs are entitled to double defendants' profits.

Pet. App. B at 27a, 21 (emphasis added.) On appeal the Ninth Circuit stated,

> The district court did not abuse discretion by doubling the profit award. . . . The court considered the circumstances of the case, as required by section 1117(a), and doubled the award *in order to deter future infringing conduct* by Dastar – a permissible ground under the Lanham Act.

Pet. App. A at 4a (emphasis added.)

These are incorrect statements of law. This issue should be remanded with instructions: (1) that a court may not double or otherwise enhance an award of defendant's profits under Section 35(a) *purely* for deterrent purposes; and (2) to

determine whether the district court's doubling of Dastar's profits was purely for deterrence or served a compensatory purpose.

Section 35(a) authorizes the court to enhance an award based on defendant's profits if it finds the amount inadequate, but provides that the sum awarded "shall constitute compensation and not a penalty." 15 U.S.C. § 1117(a). There is a well-founded consensus among courts and commentators that this language represents a limitation on a court's discretion when enhancing a monetary award.[11] *Sands, Taylor & Wood v. Quaker Oats Co.*, 34 F.3d 1340, 1349 (7th Cir. 1994) ("[T]he monetary relief granted by the district court must be great enough to further the statute's goal of discouraging trademark infringement but must not be so large as to constitute a penalty.") (quoting *Otis Clapp & Son, Inc. v. Filmore Vitamin Co.*, 754 F.2d 738, 744 (7th Cir. 1985)); *Jurgens v. McKasy*, 927 F.2d 1552, 1563-1564 (Fed. Cir. 1991) (applying Eighth Circuit law) ("[T]he Eighth Circuit [has] held that this section gives a district court broad discretion to adjust monetary relief . . . 'provided it does not award such relief as a penalty.'") (quoting *Metric & Multistandard Components Corp. v. Metric's, Inc.*, 635 F.2d 710, 715 (8th Cir. 1980); *Taco Cabana Int'l, Inc. v. Two Pesos, Inc.*, 932 F.2d 1113, 1127 (5th Cir. 1991) ("[W]e have suggested that enhancement could, consistent with the 'principles of equity' promoted in section 35, provide proper

11. *But see* Ralph S. Brown, *Civil Remedies for Intellectual Property Invasions: Themes and Variations*, 55 Law & Contemp. Probs. 45, 74-76 (1992) (arguing that the phrase "shall constitute compensation and not a penalty" is not an admonition at all, but rather a declaration "that enhanced damages and profits authorized by Congress are 'not a penalty,' and that courts may 'ignore the clause'").

redress to an otherwise undercompensated plaintiff where imprecise damage calculations fail to do justice."), *aff'd on other grounds*, 505 U.S. 763 (1992).

Some courts have explained that an award may serve a dual purpose of deterrence as well as compensation, and enhancement would be proper under this rationale. *Taco Cabana*, 932 F.2d at 1127; *Getty Petroleum Corp. v. Bartco Petroleum Corp.*, 858 F.2d 103, 113 (2d Cir. 1988) ("So long as its purpose is to compensate a plaintiff for its actual injuries – even though the award is designed to deter wrongful conduct – the Lanham Act remains remedial."); *see also McCarthy* § 30:91 (acknowledging several possible interpretations, including one in which the phrase creates a "green light" for courts to enhance an award to deter willful infringement as long as the increase bears some remedial aspect). Hence, while a court may factor deterrence into enhancing the plaintiff's recovery, it cannot be the *sole* basis for the enhancement. The enhanced award must play some compensatory and/or remedial role as well.

Whether doubling profits is compensatory in nature will depend on the circumstances of the case. Typically, a plaintiff may recover defendant's profits under a theory of unjust enrichment. *Lindy Pen Co. v. Bic Pen Corp.*, 982 F.2d 1400, 1407 (2d Cir. 1993). Alternatively, a plaintiff may claim, as damages, a direct siphoning of sales that it lost because of the defendant's infringement. *Id.* A plaintiff cannot, however, lay any claim to a defendant's sales that never existed or did not result from an infringing use. *Playboy Enters., Inc. v. Baccarat*, 692 F.2d 1274, 1276 (2d Cir. 1982) ("[W]e do not believe that it would be appropriate to award PEI an equity based accounting of profits premised on potentially fictitious sales from which the defendants derived no economic gain.");

Mishawaka Rubber & Woolen Mfg. Co. v. S.S. Kresge Co., 316 U.S. 203, 206 (1942) ("The Plaintiff of course is not entitled to profits demonstrably not attributable to the unlawful use of his mark."); *Truck Equip. Serv. Co. v. Fruehauf Corp.*, 536 F.2d 1210, 1222 (8th Cir. 1976) (affirming limitation of a profits award to those from states where plaintiff had acquired protectable trademark rights). However, there may be extenuating circumstances that would justify enhancing defendant's profits above 100 percent to serve a compensatory purpose.

The legislative history of the Lanham Act supports the view that Congress meant to require a compensatory aspect of monetary relief in trademark cases. The desire to give courts some, but not unlimited discretion in setting the amount of monetary awards was summarized by ABA drafting committee member Edward Rogers:

> [T]here ought to be somewhere some discretion in the hands of the court under the circumstances of the particular case either to increase or to decrease the recovery; in one case if it is excessive, it ought to be decreased, and if, on the other hand, it is not enough, a reasonable sum in the way of ordinary damages ought to be awarded.

Hearings on H.R. 102, H.R. 5461, and S. 895 Before the Subcommittee on Trademarks of the House Committee on Patents, 77th Cong., 1st Sess. 203-206 (1941).

This and other passages from the legislative history indicate an intent to grant courts discretion to enter judgments that were adequate to fully compensate plaintiff, but not so excessive as to provide a windfall.[12] Certainly a court may enhance a profits award to compensate a plaintiff for harm that cannot be "precisely calculated." *Alpo Petfoods, Inc. v. Ralston Purina Co.*, 997 F.2d 949, 955 (D.C. Cir. 1993). The district court's opinion in this case, however, does not indicate whether the doubling of defendant's profits was meant to compensate the plaintiffs as opposed to merely deterring infringement.

Section 35(a) may also provide for enhancement of defendants' profits for a defendant who hides profits or whose poor business skills prevent the realization of a profit. *Badger Meter Inc. v. Grinnell Corp.*, 13 F.3d 1145, 1157 n.13 (7th Cir. 1994); *Taco Cabana*, 932 F.2d at 1127. But in order to "enter judgment for such sum as the court shall find to be just, according to the circumstances of the case," a court must first "find that the amount of the recovery based on profits is either inadequate or excessive." 15 U.S.C. § 1117(a). The district court did not indicate that it made any such finding in this case.

The award of double defendant's profits in this case should be remanded for reconsideration as to whether the enhancement was purely for deterrence, or rather was needed to compensate the plaintiffs adequately.

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12. *Hearings on H.R. 102, H.R. 5461, and S. 895 Before the Subcommittee on Trademarks of the House Committee on Patents*, 77th Cong., 1st Sess. 203-206 (1941) (statement of Mr. Fenning) ("[T]here certainly should be some limitation on the amount that the man can be required to pay."); *id.* (statement of Mr. Savage) (opining that an award of $5,000,000 was "an excessive judgment").

CONCLUSION

For the foregoing reasons, the Court should remand this case for a determination of: (1) whether Dastar's conduct constitutes a false designation of origin that is likely to cause consumer confusion; and (2) whether awarding double the defendant's profits in this case constitutes compensation to the plaintiffs and not merely a penalty against the defendant.

Respectfully submitted,

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Supreme Court, U.S.
MAR 10 2003

No. 02-428

In the Supreme Court of the United States

DASTAR CORPORATION,

PETITIONER,

v.

TWENTIETH CENTURY FOX FILM CORPORATION, SFM ENTERTAINMENT LLC, AND NEW LINE HOME VIDEO, INC.,

RESPONDENTS.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE NINTH CIRCUIT

BRIEF *AMICI CURIAE* OF THE DIRECTORS GUILD OF AMERICA, WRITERS GUILD OF AMERICA, EAST, WRITERS GUILD OF AMERICA, WEST, INC. AND SCREEN ACTORS GUILD, INC. IN SUPPORT OF RESPONDENTS

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INTEREST OF THE *AMICI CURIAE*[1]

Amici curiae are associations of creative artists in the audio and visual media.

The Directors Guild of America (the "DGA") is an association of more than 12,000 directors, assistant directors and unit production managers. Their creative work includes theatrical, educational and documentary film and television productions, as well as videos and commercials. The DGA seeks to protect and advance directors' legal and artistic rights, to contend for their creative freedom, and to secure them fair compensation.

The Writers Guild of America, East (WGA East) is a labor organization of over 4,300 professional authors of stories and screenplays for television, film and interactive media. The Writers Guild of America, West, Inc. (WGA West), in turn, is a labor organization of over 8,500 professional authors of stories and screenplays for television, film and interactive technologies. Both WGA East and WGA West seek to ensure that writers' intellectual property rights are protected, to advance writers' freedom of expression, and to secure fair compensation to writers for their creative work. Collectively, the WGA East and the WGA West are referred to herein as the "WGA."

The Screen Actors Guild, Inc. ("SAG") is an organization of over 120,000 professional actors and performing artists, including dancers, singers and stunt performers, in film, television and commercial productions. SAG seeks to ensure that performers' intellectual property rights are

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[1] Petitioner and Respondents have given permission for the *amici curiae* guilds to file this brief. Copies of the permission letters are attached to the proof of service submitted to the Clerk. No party has authored this brief in whole or in part. The preparation and printing of this *amicus* brief was paid for by the DGA, the WGA and SAG.

protected, and to secure fair compensation to performers for their work.

As creators of audiovisual works, the members of the DGA, the WGA and SAG (collectively, the "*amici curiae* guilds") have a vital interest in protecting against false designations of origin and other consumer and marketplace harms, including protection against the harm of reverse passing off, under the United States Trademark Act of 1946 as amended, 15 U.S.C. §§ 1051, *et seq.* (2000) (the "Lanham Act"), and specifically under Section 43(a) thereof, 15 U.S.C. § 1125(a). In most circumstances, the members of the *amici curiae* guilds are not the holders of copyrights in the audiovisual works that they create, and rely on the Lanham Act to protect their interests and the interests of the public against false designations of origin, sponsorship or approval of goods or services (namely, audiovisual creations) which are likely to cause consumer confusion. Similarly, and consistent with the explicit language of the Lanham Act, the members of the *amici curiae* guilds rely on Section 43(a) to protect against false or misleading descriptions of fact, and false or misleading representations of fact, which are likely to cause consumer confusion. Protection from consumer confusion in the realm of artistic creations is essential to the reputations of, and goodwill associated with, the members of the *amici curiae* guilds and their works.

SUMMARY OF ARGUMENT

The *amici curiae* guilds believe that the decision of the Ninth Circuit should be affirmed for reasons explained in Respondents' brief to this Court. This brief will focus solely on one particularly troubling aspect of Petitioner's contrary argument.

Petitioner has taken the extreme position that the long-standing cause of action for "reverse passing off" under Section 43(a) of the Lanham Act, 15 U.S.C. 1125(a), should be read out of the statute, either in its entirety or specifically with respect to artistic creations. The vast

majority of the *amici* do not support this extreme position, including the Solicitor General, who filed an *amicus* brief in support of the Petitioner. Nearly all of the *amicus* briefs take a more measured approach, commenting on the standard that should be applied to claims of reverse passing off under Section 43(a) of the Lanham Act, rather than advocating the wholesale obliteration of this well-settled doctrine and claim.[2]

Indeed, there seems to be little dispute among the *amici* that the claim of reverse passing off is authorized by Section 43(a) of the Lanham Act to prohibit and redress harm to consumers. All but one of the *amici* agree that the standard for any Section 43(a) claim, including one for reverse passing off, must include a measure of "consumer confusion."[3] The Ninth Circuit's unpublished decision below is in accord, in that the Ninth Circuit viewed the "bodily appropriation" test as a more rigorous proxy for showing likelihood of confusion.

Reaching far beyond the questions presented, however, Petitioner now seeks to call into question the actionable harm that may befall consumers as a result of reverse passing off. As demonstrated below, and as long recognized by federal courts, reverse passing off threatens to cause significant harm in the marketplace by confusing consumers. The Lanham Act is correctly interpreted to provide

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[2] The *amici* who do not state support for Petitioner's advocation of wholesale abrogation of the doctrine of reverse passing off include: the Solicitor General of the United States; the International Trademark Association ("INTA"); the American Intellectual Property Law Association ("AIPLA"); the Intellectual Property Law Professors; and Maria Pollack and Other Law Professors.

[3] The brief of *amici curiae* of the American Library Association, et al., appears to be unsupportive of the doctrine of reverse passing off. *See* Brief of *Amici Curiae* of the American Library Association, et al., at 7.

necessary and appropriate protection against that consumer harm.

Moreover, Petitioner errs in suggesting that application of a reverse passing off claim in the context of creative works results in an inappropriate combination of copyright tenets with the Lanham Act's consumer protections. Congress has expressly relied upon the interplay of the Lanham Act and federal copyright laws to satisfy the United States' treaty obligations under the Berne Convention for the Protection of Literary and Artistic Works (the "Berne Convention"), which requires protection for the moral rights of the authors of creative works, and adoption of Petitioner's argument would jeopardize the Nation's compliance with those obligations.

In sum, the *amici curiae* guilds respectfully urge this Court to reject Petitioner's invitation to read the cause of action for reverse passing off out of the Lanham Act. Eliminating that cause of action would leave a gaping hole in the United States' consumer protection laws, would frustrate the intent of Congress when it enacted and amended the Lanham Act, and would call into question the United States' compliance with its treaty obligations under the Berne Convention.

ARGUMENT

I. THE LANHAM ACT'S PROTECTIONS EXTEND TO CREATIVE WORKS

In the debates leading up to the original Lanham Trademark Act of 1946, 15 U.S.C. § 1051, *et seq.*, the Senate Committee on Patents described the "Basic Purposes of Trademark Legislation" as follows:

> The purpose underlying any trade-mark statute is twofold. One is to protect the public so it may be confident that, in purchasing a product bearing a particular trade-mark which it favorably knows, it will get the product which it asks for and wants to get. Secondly, where the owner of a trade-mark has spent energy, time, and money in presenting to the public the product, he is protected in his investment from its misappropriation by pirates and cheats. This is the well-established rule of law protecting both the public and the trade-mark owner.

S. Rep. No. 79-1333 (1946), *reprinted in* 1946 U.S.C.C.A.N. 1274. These policies are as applicable to products that reflect significant creative effort as they are to wristwatches or breakfast cereals. Moreover, these policies apply to creative works, irrespective of their copyright status.

There is no language in the Lanham Act, its legislative history or in reported cases construing the Lanham Act that would exclude creative works from the protections of the statute, as Petitioner's argument would necessitate. To the contrary, and as discussed in Section III below, Congress expressly endorsed the interplay between the Lanham Act and federal copyright protections with respect to creative works when implementing the Berne Convention.

II. THE LONG-STANDING CLAIM OF REVERSE PASSING OFF IS ENCOMPASSED WITHIN THE PLAIN TEXT, AND ADVANCES THE PUBLIC POLICIES, OF SECTION 43(A) OF THE LANHAM ACT, AND IT SHOULD NOT BE DISTURBED

Section 43(a) of the Lanham Act expressly prohibits "false designation of origin, false or misleading description of fact, or false or misleading representation of fact" which is "likely to cause confusion, or to cause mistake, or to deceive." 15 U.S.C. § 1125(a)(1)(A). Reverse passing off involves the sale of another's products as one's own products. *See* 2 Jerome Gilson, *Trademark Protection and Practice*, § 7.02[5][b] (2002) ("*Gilson*"). According to settled precedent, consistent among the federal circuits, and by its plain statutory language, reverse passing off constitutes a

violation of Section 43(a) of the Lanham Act. *See* Lori H. Freedman, *Reverse Passing Off: A Great Deal of Confusion*, 83 Trademark Rep. 305, 317 (1993) (noting that, with the possible exception of the First Circuit, "all circuits interpret Section 43(a) to prohibit reverse passing off").[4]

The Lanham Act's prohibition against reverse passing off advances important policy interests. Trademark law is designed to prevent consumer confusion as to source, affiliation and sponsorship. *See Prestonettes, Inc. v. Coty*, 264 U.S. 359, 368 (1924). Selling a competitor's goods under the false pretense that they are your own creates such confusion no less than selling your own goods while holding them out as the competitor's. *See Gilson*, § 7.02[5][b] (describing underlying rationale); *see also* n.4, *supra*.

The act of reverse passing off threatens a variety of tangible harms. For example, the misattributing party may acquire a fallacious and deceptive reputation for having the ability to originate quality products. *See Arrow United Indus., Inc. v. Hugh Richards, Inc.*, 678 F.2d 410, 414-15 (2d Cir. 1982) (reverse passing off enables company to obtain false competitive advantage). That unearned reputation may injure consumers who later rely on it when purchasing other products from that party—products not simply repackaged from a more competent source. Similarly, the

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[4] *See, e.g., Waldman Publ'g Corp. v. Landoll, Inc.*, 43 F.3d 775 (2d Cir. 1994); *Web Printing Controls Co., Inc. v. Oxy-Dry Corp.*, 906 F.2d 1202, 1203 n.1 (7th Cir. 1990) ("In this circuit, such [reverse passing off] claims have an ancient lineage."); *Lamothe v. Atlantic Recording Corp.*, 847 F.2d 1403 (9th Cir. 1988); *Lipscher v. LRP Publ'ns, Inc.*, 266 F.3d 1305 (11th Cir. 2001); *see also* Restatement (Third) of Unfair Competition, § 5 (1995) ("One is subject to liability...if, in marketing goods or services manufactured, produced, or supplied by the other, the actor makes a representation likely to deceive or mislead prospective purchasers by causing the mistaken belief that the actor or a third person is the manufacturer, producer, or supplier of the goods...").

originating party may be unfairly hindered from associating itself in the public's mind with its ability to create quality products. *Id.* As a result, the consumer is rendered unable to apply previously-acquired knowledge about the originator's products to those products falsely sold as creations of the misattributing party.

The Ninth Circuit broadly summarized these policy concerns:

> As a matter of policy, [reverse] palming off...is wrongful because it involves an attempt to misappropriate or profit from another's talents and workmanship. Moreover, in reverse palming off cases, the originator of the misidentified product is involuntarily deprived of the advertising value of its name and of the goodwill that otherwise would stem from public knowledge of the true source of the satisfactory product. The ultimate purchaser (or viewer) is also deprived of knowing the true source of the product and may even be deceived into believing that it comes from a different source.

Smith v. Montoro, 648 F.2d 602, 607 (9th Cir. 1981) (internal citations omitted). In short, the harms created by reverse passing off fall squarely within the type of marketplace confusion that the Lanham Act was designed to remedy. Reverse passing off thus forms an indispensable component of the Lanham Act protection scheme.

Petitioner's brief denies the existence of any Lanham Act protection whatsoever against reverse passing off. *See* Petitioner's Brief, at 37-40. There is no basis in the text or history of the statute, nor any convincing policy justification, for such a radical and disruptive break with settled law. Moreover, there is no basis to distinguish the application of the doctrine of reverse passing off as it applies to creative works, irrespective of their copyright status, from its application to other goods or services.

In sum, this Court can and should resolve the questions presented without disturbing the long line of federal cases consistently and correctly upholding the Lanham Act's prohibition against reverse passing off.[5] Absent explicit Congressional indication to the contrary, the proven existence of consumer confusion inflicted by reverse passing off should continue to find a corresponding remedy under the Lanham Act.

III. ELIMINATING THE LANHAM ACT'S PROTECTION AGAINST REVERSE PASSING OFF IN THE CONTEXT OF CREATIVE WORKS WOULD JEOPARDIZE THE UNITED STATES' COMPLIANCE WITH THE BERNE CONVENTION

Advocating its extreme position, Petitioner ignores the fact that the Lanham Act's application to creative works is an essential component of the United States' compliance with the moral rights requirements of the Berne Convention. This Court has consistently cautioned against interpreting domestic statutes in a manner that violates international agreements entered into by the United States. *See, e.g., Vimar Seguros y Reaseguros, S.A. v. M/V Sky Reefer*, 515 U.S. 528, 539 (1995) ("If the United States is to be able to gain the benefits of international accords and have a role as a trusted partner in multilateral endeavors, its courts should be most cautious before interpreting its domestic legislation in such manner as to violate international agreements.").

The United States joined the Berne Convention to "secure the highest available level of multilateral copyright

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[5] Similarly, it is not necessary to make determinations regarding the distinction between "express" and "implied" reverse passing off claims, as referred to by the Ninth Circuit in *Smith v. Montoro*, 648 F.2d 602, 605 (9th Cir. 1981). *See generally* 4 J. Thomas McCarthy, *McCarthy on Trademarks and Unfair Competition*, §§ 25:6-25:8 (2002).

protection for U.S. artists, authors, and other creators." S. Rep. No. 100-352, at 2 (1988), *reprinted in* 1988 U.S.C.C.A.N. 3706, 3707. The Senate Report on the Berne Convention Implementation Act of 1988 stated that "[a]dherence to the Convention is in the national interest because it will ensure a strong, credible U.S. presence in the global marketplace." *Id.*

Under Article 6*bis* of the Berne Convention, member states are required to provide certain moral rights to protected works. Article 6*bis* provides,

> (1) Independently of the author's economic rights, and even after the transfer of the said rights, the author shall have the right to claim authorship of the work and to object to any distortion, mutilation or other modification of, or other derogatory action in relation to, the said work, which would be prejudicial to his honor or reputation.

Berne Convention for the Protection of Literary and Artistic Works, July 24, 1971, art. 6*bis*, 25 U.S.T. 1341, 828 U.N.T.S. 221, 235. To adhere to the Berne Convention, "the United States needed to guarantee that it would accord attribution and integrity rights pursuant to Article 6*bis*..." 3 Melville B. Nimmer & David Nimmer, *Nimmer on Copyright*, § 8D.02[D][1] (2002) ("*Nimmer*").

Congress determined that existing law in the United States, including Lanham Act provisions, provides such

protection.[6] Congress considered the United States' obligations under Article 6*bis* and concluded that, "[b]ased on a comparison of its laws with those of Berne member countries, and on the current status of Federal and State protections of the rights of paternity and integrity, the Committee finds that current United States law meets the requirements of Article 6*bis*." H.R. Rep. No. 100-609, at 38 (1988) *reprinted in Nimmer*, Vol. 9, App. 32; *see also* Berne Convention Implementation Act of 1988, Sec. 2(3), Pub. L. No. 100-568, 102 Stat. 2853 (1988). "This existing U.S. law includes various provisions of the Copyright Act and Lanham Act..." S. Rep. No. 100-352, at 9 (1988), *reprinted in* 1988 U.S.C.C.A.N. 3706, 3714.

This view has been affirmed by members of Congress and several witnesses testifying before subcommittee hearings. *See, e.g.*, H.R. Rep. No. 100-609, at 33-34 (1988) *reprinted in Nimmer*, Vol. 9, App. 32 (noting the majority view that a "composite of laws" provides the protection envisioned by Article 6*bis*, including section 43(a) of the Lanham Act); 133 Cong. Rec. E2897 (1987) (statement of Rep. Moorhead) (stating that U.S. law, including "the Lanham Act's proscription of false designation of origin,"

[6] The passage of the Visual Artists Rights Act of 1990, subsequent to the United States' adherence to the Berne Convention, does not suggest any deficiency in the United States' prior compliance with Article 6*bis*. *See* Visual Artists Rights Act of 1990, Pub. L. No. 101-650, 104 Stat. 5089 (1990). After Congress determined that existing U.S. law complied with Article 6*bis* when it implemented the Berne Convention, the debate continued on whether the United States should adopt *additional* moral rights laws, and Congress chose to do so. *See* H.R. Rep. No. 101-514, at 8 (1990), *reprinted in* 1990 U.S.C.C.A.N. 6915, 6918. Nor should the Visual Artists Rights Act be construed to limit the protection of other laws, such as the Lanham Act, to those artists not covered under the Visual Artists Rights Act. *See Nimmer*, § 8D.02[A] (noting that the Visual Artists Rights Act has "no application to other copyrightable subject matter," and moral rights protection will follow "the broad but amorphous protection accorded to all other types of copyrightable compositions").

provides sufficient protection of paternity and integrity rights for compliance with the Berne convention); 134 Cong. Rec. S14,553 (1988) (statement of Sen. DeConcini) (noting that U.S. laws, including the Lanham Act, "have been applied by courts to redress authors for injuries suffered as a result of the violation of their moral rights"); 134 Cong. Rec. H3083 (1988) (statement of Rep. Kastenmeier) ("Most observers agree that current law, including the Lanham Act...contains the basic elements of moral rights sufficient to comply with Berne.").

The claim of reverse passing off under Section 43(a) of the Lanham Act is an important part of this existing "composite of laws" that Congress deemed sufficient to provide the type of moral rights required for Article 6*bis* compliance. Indeed, the Ad Hoc Working Group on U.S. Adherence to the Berne Convention—whose report Congress relied upon in concluding that existing United States law satisfied the moral rights obligations under the Berne Convention—specifically cited the Ninth Circuit's decision in *Smith v. Montoro*. 648 F.2d 602 (9th Cir. 1981). *Montoro* involved a successful claim for reverse passing off in the context of a creative work: "False identification of another as author...may give rise to a claim by the actual author under section 43(a) of the Lanham Act." Final Report of the Ad Hoc Working Group on U.S. Adherence to the Berne Convention, *reprinted in* 10 Colum.-VLA J.L. & Arts 513, 553 (1986) (citing *Smith v. Montoro*, 648 F.2d 602 (9th Cir. 1982)). By relying on the Lanham Act's protections to ensure the United States' compliance with the requirements of Article 6*bis*, Congress recognized that the Lanham Act has an important application to creative works.

Particularly in light of the United States' treaty obligations under the Berne Convention, the *amici curiae* guilds respectfully urge the Court to reject Petitioner's invitation to abrogate the Lanham Act's well-settled application to creative works or to eliminate the long-

standing cause of action for reverse passing off. Acceptance of Petitioner's argument would jeopardize the United States' compliance with its treaty obligations and undo the fabric of protections afforded to creators of artistic works under United States law.

In sum, the settled precedent upholding the claim of reverse passing off under the Lanham Act should not be disturbed; the Lanham Act should continue to apply to creative works just as it applies to any other goods or services. The Courts' continued recognition of a cause of action under Section 43(a) of the Lanham Act for reverse passing off will protect the public and artists in appropriate circumstances, and will preserve the United States' compliance with its treaty obligations.

CONCLUSION

For the reasons stated in Respondents' brief, the decision of the Ninth Circuit should be affirmed. And for the foregoing reasons, the *amici curiae* guilds respectfully urge, in particular, that this Court reject Petitioner's suggestion that the cause of action for reverse passing off under Section 43(a) of the Lanham Act be eliminated in its entirety or specifically with respect to creative works.

Respectfully submitted,

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Supreme Court, U.S.
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No. 02-428

IN THE
Supreme Court of the United States

DASTAR CORPORATION

Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORPORATION, *et al.*,

Respondent.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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BRIEF AMICUS CURIAE OF THE ASSOCIATION FOR COMPETITIVE TECHNOLOGY, CAMBRIDGE INFORMATION GROUP, INC., eBAY INC., REED ELSEVIER INC., SOFTWARE & INFORMATION INDUSTRY ASSOCIATION AND THE THOMSON CORPORATION IN SUPPORT OF RESPONDENT

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INTEREST OF AMICI[1]

The Association for Competitive Technology is a 3000 member trade association representing information technology companies and professionals. Its members include software developers, hardware manufacturers, consultancies, and training firms. ACT members both develop and market databases for a wide range of uses.

eBay Inc. with over 62 million registered users, is the world's largest online marketplace and the most popular shopping site on the Internet. Using eBay's online services, buyers can search for and buy goods and services in 18,000 categories. Underlying the eBay service is a database that contains massive amounts of data.

Through its subsidiary, Cambridge Scientific Abstracts, Cambridge Information Group, Inc. publishes databases of abstracts in the physical, materials and engineering, life, environmental, aquatic, computer, aerospace and social sciences, as well as the arts and humanities. It also publishes comprehensive databases about books in print and serials in print through its subsidiary R.R. Bowker LLC.

Reed Elsevier Inc. is a publisher of information products and services for the business, professional and academic communities. Its products include scientific journals, legal, educational, medical and business information, reference books and textbooks, business magazines, and fact-based

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[1] No entity or counsel other than those whose names appear on this brief has contributed substantively or monetarily to it. Written consent of the parties to the filing of this brief has been lodged with the clerk of the Court.

databases as LexisNexis, a provider of decision-support information and services to legal, business and government professionals.

The Software & Information Industry Association ("SIIA") is the leading trade association committed to promoting the interests of the software and information industries. SIIA represents over 600 member companies, among them prominent publishers of software and information products, including fact-laden databases for reference, education, business, consumer, the Internet and entertainment uses.

The Thomson Corporation provides integrated information solutions to business and professional customers in the United States and around the world. Thomson provides value-added information, software tools and applications to users in the fields of law, tax, accounting, financial services, higher education, reference information, corporate training and assessment, scientific research and healthcare.

Amici file this brief in support of respondents for two reasons. First, *amici* believe that the court of appeals correctly held that defendant engaged in reverse passing off in violation of the Lanham Act. Second, *amici* are producers of fact-based databases who rely on federal and state laws to protect their valuable products from misappropriation. *Amici* cannot leave unanswered *amici* American Library Association, et al.'s erroneous assertion that neither Congress nor the States can protect factual databases from misappropriation.

SUMMARY OF ARGUMENT

1. The court of appeals correctly held that petitioner engaged in reverse passing off in violation of Section 43(a) of

the Lanham Act by copying an original television series based on General Eisenhower's book, *Crusade in Europe*, and by mis-crediting itself as the producer of the series. In so holding, the court below did not ignore the statutory requirement that petitioner's conduct create a likelihood of confusion. The court relied upon the detailed findings of the district court, which included an explicit determination that petitioner deliberately created a mis-impression in the minds of consumers as to the source of the series.

2. The brief submitted by the American Library Association, *et al.* ("ALA") in this case argues that Section 43(a) of the Lanham Act cannot constitutionally apply to misleading marketing of factual materials. That brief argues further that neither Congress nor the States can protect factual materials from *any* unfairly competitive practices. Those arguments are entirely irrelevant to this case, which does not involve factual materials. *Amici*, however, who are the proprietors of valuable factual databases, cannot permit these erroneous contentions to go unanswered.

ALA's contentions are based on this Court's decision in *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 (1991), in which the Court held that purely factual materials are not original works of authorship within the meaning of the Constitution's Copyright Clause and therefore cannot be the subject of federal copyright. While *Feist* thus limits Congress's powers under the Copyright Clause, it does not negate congressional authority to prohibit deceptive or unfair competitive practices in non-copyrightable materials in interstate commerce. Nor does *Feist* preclude the application of state causes of action, such as those based on breach of contract and trespass to chattels laws, to cases involving factual materials. If State law is not pre-empted by Congress, States retain their ordinary legislative powers.

3. Lanham Act protection against deception or confusion as to the authorship or source of a work after the work's term of copyright protection expires does not create perpetual copyright. The petitioner and others may copy works that have fallen into the public domain, but that right does not include the right to mislead the public as to source or authorship.

ARGUMENT

I. THE COURT OF APPEALS CORRECTLY HELD THAT THE DEFENDANT ENGAGED IN REVERSE PASSING OFF IN VIOLATION OF THE LANHAM ACT.

The court of appeals correctly affirmed the district court's grant of summary judgment on respondents' reverse passing-off claim under § 43(a) of the Lanham Act, 15 U.S.C. § 1125(a). The court held that respondent had committed a "bodily appropriation" of respondent Fox's *Crusade in Europe* television series by substantially copying it with only "minimal changes," by "label[ling] the resulting product with a different name," and by "market[ing] it without attribution to Fox."[2] Such affirmatively misleading conduct, the court reasoned, satisfies Section 43(a)'s requirement that a defendant's conduct be "likely to cause confusion."[3] The Ninth Circuit's conclusion that petitioner's actions were misleading and likely to cause consumer confusion was clearly supported by the district court's detailed factual findings,[4] and is entirely consistent with other appellate

[2] Pet. App. at 3a.

[3] 15 U.S.C. § 1125(a)(1).

[4] *See, e.g.*, Pet. App. at 18a ("Dastar purposefully and intentionally deleted all references to the fact that [its video] was based on [General Eisenhower's book] and all the images of the [b]ook that appeared in the [Fox] series. Dastar also failed to include in [its video] any of the other credits that appeared in the [Fox] series. In fact, *Dastar deleted these images and omitted the [Fox series] credits to give the impression that [its video] was an original work*") (emphasis added); *id.* at 26a (noting that each Plaintiff lost valuable goodwill as a result of defendant's misleading acts); *id.* at 53a (finding that the defendant gave the "false impression that the series contains only the work of those listed in the credits"); *id.* at 54a (noting that the finding that consumers are misled controls the resolution of the claim under the Lanham Act).

rulings that have held that such misattributions violate the Lanham Act.[5]

II. AMERICAN LIBRARY ASSOCIATION, ET AL.'S ARGUMENT THAT NEITHER CONGRESS NOR THE STATES CAN PROTECT DATABASES FROM UNFAIR COMPETITION IS IRRELEVANT AND INCORRECT.

Although this case does not involve the protection of databases, the American Library Association *et al.* have submitted a brief that focuses entirely on that subject. ALA's argument that neither Congress nor the States may constitutionally protect factual databases from deceptive or unfair competitive practices is irrelevant to this case, and ordinarily would not require a response. *Amici*, however, are database producers whose products have increasingly become subject to misappropriation and who have made use of federal and state law in order to protect their substantial investment in their products and their economic ability to make valuable compilations of factual information available to the public.

[5] *See, e.g., Smith v. Montoro*, 648 F.2d 602, 607 (9th Cir. 1980) (misattribution violates the Lanham Act); *Waldman Publ'g Corp. v. Landoll, Inc.*, 43 F.3d 775 (2d Cir. 1994) (stating that reverse passing off occurs when one takes another's product, makes minor changes and misrepresents it to the public as his own).

Amici cannot permit ALA's incorrect and destructive assertions that these laws are unconstitutional to go unanswered.

A. This Court's Decision In *Feist v. Rural Telephone Co.* Does Not Prevent Congress From Protecting Factual Compilations From Unfair Competition Practices Under Its Commerce Clause Power.

For much of United States history, copyright protection was available for compilations of facts under the so-called "sweat of the brow" doctrine—a doctrine predicating protection on the compiler's effort and financial investment. In *Feist Publications, Inc. v. Rural Telephone Service Co.*, 499 U.S. 340 (1991), the Court rejected the sweat-of-the-brow approach as inconsistent with Congress's authority under the Constitution Copyright Clause and made clear that (1) facts are not copyrightable; and (2) a factual compilation can enjoy copyright protection only if sufficient originality is present in the manner in which the facts are arranged, selected or coordinated. *Feist* thus limits Congress's ability to use its copyright power to protect databases.

ALA now asserts, however, that *Feist* is far more than an authoritative interpretation of the scope of the Copyright Clause. It is, ALA says, a "fundamental information policy" which trumps every other Congressional power, and which the decision below will "undermine" if affirmed. ALA Br. at 20. Ranging far beyond the Lanham Act, ALA claims that *Feist* is under "attack" or "assault" through the application of other federal statutes, such as the Computer Fraud and Abuse Act (CFAA, 18 U.S.C. § 1030), and is also under attack from common law doctrines such as contract enforcement and trespass to chattels. *See, e.g.*, ALA Br. at 5. ALA's brief asserts that, after *Feist*, Congress has *no* power to protect

factual databases in commerce from unauthorized misappropriation, no matter how deceptive or unfairly competitive that misappropriation may be, and that the common law must also be curtailed if it seeks to provide such protection.

ALA's assertions are incorrect. This Court's holding in *Feist* does not bar Congress from using its Commerce Clause authority to protect informational databases by prohibiting their unauthorized duplication in ways that cause unfair commercial harm to the compiler or misleading confusion to consumers.

The fact that Congress cannot enact legislation on a particular subject under one of its enumerated powers does not mean, as the ALA brief assumes, that it is forbidden from enacting such legislation under *any* of its powers. Congress's affirmative powers are cumulative, not exclusive of each other. In the *Civil Rights Cases*, for example, this Court struck down Congress's 1875 Civil Rights Act, which prohibited racial discrimination in places of public accommodation, as an impermissible exercise of Congress's power to enforce the Fourteenth Amendment. It so held because that Amendment bans only discrimination by States, not discrimination by owners of private establishments and facilities.[6] Without overturning this decision, the Court subsequently upheld Congress's ability to ban private racial discrimination as an exercise of its Commerce Clause powers when the discriminatory actions substantially affect interstate commerce.[7]

This basic structural principle—that limitations on the

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[6] *Civil Rights Cases*, 109 U.S. 3 (1883).

[7] *Heart of Atlanta Motel, Inc. v. United States*, 379 U.S. 241, 277-79 (1964); *Katzenbach v. McClung*, 379 U.S. 294, 304-05 (1964).

subjects that Congress can address under one of its legislative powers do not limit the subjects it can address under other, different, affirmative powers—was applied to the areas of copyright and trademarks in the Court's 1879 *Trade-Mark Cases*.[8] There, the Court held unconstitutional the first federal trademark law. As was the case in *Feist* more than 100 years later, the Court's ruling in the *Trade-Mark Cases* was based on its holding that trademarks were not sufficiently "original" to qualify as constitutionally copyrightable writings.[9] While holding trademarks non-copyrightable, however, the Court stated that Congress *might* enact a valid trademark law through its commerce power, so long as the legislation was limited to protecting marks used in interstate or foreign commerce.[10] Congress has subsequently enacted a series of such commerce-clause-based trademark laws. No doubt has been cast on its ability to afford commerce-based protection to materials that lack sufficient originality to qualify for copyright-based protection.

The Court's decision in *International News Service v. Associated Press*, 248 U.S. 215 (1918) (*INS*), provides further confirmation that ALA is incorrect in asserting that Congress cannot use its commerce power to protect non-copyrightable factual materials from deceptive or unfairly competitive misappropriation. In *INS*, the Court affirmed a federal court injunction prohibiting INS from appropriating facts taken from Associated Press (AP) news bulletins and selling those facts to INS's clients. Despite expressly assuming, as *Feist* later decided, that the facts of the news are non-copyrightable,[11] the Court nevertheless found that protecting AP against INS's copying was proper as a matter of "unfair

[8] 100 U.S. 82 (1879).

[9] *Id.* at 94.

[10] *Id.* at 97.

[11] 248 U.S. at 241.

competition in business."[12] It is entirely reasonable to assume that the *INS* Court would have sustained the constitutionality of federal legislation (rather than a federal-court injunction) similarly preventing INS from unfairly appropriating AP's non-copyrightable work product.[13]

The ALA nonetheless invokes *Feist*'s observation that "raw facts may be copied at will," 499 U.S. at 372, as a talisman that trumps Congress's ability to legislate under the Commerce Clause against unfair or deceptive commercial practices or against disruptions of network security. If this reading is correct, Congress would not possess the power under the Commerce Clause to protect privacy by regulating the copying and dissemination of personal financial information, 12 U.S.C. §§ 24a *et seq.*, or of individuals' health records, 42 U.S.C. §§ 130d *et seq.* Nor could federal law prohibit unauthorized copying of non-copyrightable trade secrets, 18 U.SC. §§ 1831 *et seq.*[14]

Even a cursory application of ALA's reading of *Feist* reveals its fundamental infirmity. Assume that a user—by using a false password, for example —hacks his way into LexisNexis' web site (which is "publicly accessible", ALA Br. at 11), steals millions of dollars worth of financial or other

[12] *See id.* at 240. It should be noted that the technology that gave rise to the *INS* decision was the telegraph; INS transmitted AP's stories from the East Coast in time to be included West Coast morning papers. *See id.* at 230.

[13] *See also United States v. Moghadam*, 175 F.3d 1269 (11th Cir. 1999) (upholding federal "bootleg" record legislation, 18 U.S.C. § 2319A, protecting non-copyrightable live musical performances from unauthorized reproduction).

[14] *See also* S. Rep. No. 104-359, at 14 (1996) ("[I]t is intended that the provisions of the Act should apply regardless of whether the conduct at issue could also fall within the prohibitions of the copyright laws.").

information, and requires LexisNexis to spend thousands more to repair the breach. That theft would lead to liability under 18 U.S.C. 1030. Under the ALA's approach, Congress has no power to protect against that theft because its power to regulate interstate computer networks does not extend to "facts."[15]

None of the laws that the ALA attacks as undermining *Feist* prohibit or regulate the mere copying or dissemination of factual data. In this case, for example, the lower courts found petitioner liable under the Lanham Act, not for copying and distributing respondent's work, but for doing so in a way that deliberately created a misimpression as to its source. In CFAA cases, liability turns not merely upon copying information, but upon accessing a computer without authority in order to do so. In neither instance does it "undermine" *Feist* in the least to apply these laws to information that, for copyright purposes, is in the public domain.[16]

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[15] The CFAA is motivated by security as well as commercial considerations and is aimed at protecting the integrity of computer networks, a goal which has taken on even greater national importance in light of recent world events. Originally a criminal statute, CFAA now includes a civil component. 18 U.S.C. § 1030(g). Among other things, the statute prohibits anyone from intentionally accessing a computer used in interstate or foreign commerce without authorization (or by exceeding authorized access), thereby obtaining access to information, 18 U.S.C. § 1030 (a)(2)(c). It also provides a cause of action against someone who intentionally accesses a protected computer without authorization, and as a result of such conduct causes damage, 18 U.S.C. § 1030(a)(5)(iii). Additionally, ALA gives no reason why the limitations it erroneously believes the *Feist* decision imposes on Congress would be limited to legislation enacted under the Commerce Clause. Information classified under the national security laws may consist solely of a single "raw fact."

[16] ALA also asserts that using a commerce-based law to protect factual compilations from misappropriation would raise serious First Amendment concerns. ALA brief at 18-19. Whether a federal database protection law would be consistent with the First Amendment would turn on the scope of the prohibitions and exclusions contained in that legislation.

B. *Feist* Does Not Bar The Application of State-Based Causes Of Action To Protect Against Unauthorized Misappropriation Of Factual Compilations.

ALA also argues that *Feist* invalidates the application of state laws to the unauthorized copying or misappropriation of factual data. Its *amicus* brief particularly targets suits sounding in breach of contract and the cause of action for trespass to chattels.

Feist's holding that non-original factual compilations cannot constitutionally qualify for federal copyright protection does not preclude the States applying their own statutes or from common law to combat commercial misappropriation. *Feist's* conclusion that factual statements are not protectible by *Congress* under its copyright power is not a constraint on *State* action. The limitations placed by Article I of the Constitution on the powers delegated to Congress by that Article are limitations that apply to Congress, not to States. As the Court observed in *Goldstein* v. *California,*[17] the Constitution's Copyright Clause "enumerates those powers which have been granted to Congress; *whatever limitations have been appended to such powers can only be understood as a limit on congressional, and not state, action.*"[18]

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[17] 412 U.S. 526 (1973). In *Goldstein,* petitioner appealed his conviction under a California statute making it a criminal offense to "pirate" recordings produced by others. The Court rejected petitioner's argument that the California law, which was of unlimited duration, violated the "Limited times" provision of the Copyright Clause.

[18] *Id.* at 561 (emphasis supplied). *See also Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974) (states may constitutionally provide protection to non-copyrightable, non-patentable trade secrets).

Where State protections are concerned, therefore, the relevant question is not whether a particular State cause of action is at odds with the limitations placed by the Constitution on Congress's copyright authority, it is whether Congress has validly chosen to pre-empt State protection.[19] Under Section 301 of the present Copyright Act, Congress has chosen to pre-empt State protections only: (1) when they apply to works that fall within the subject matter of federal copyright; and (2) when those State protections accord rights equivalent to those offered by federal copyright law. Federal courts, faced with the two State causes of action that most draw ALA's ire (breach of contract and trespass to chattels), have concluded that statutory pre-emption is inapplicable in cases involving misappropriation of factual data.[20]

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[19] *See* H. Rep. No. 94-1476 at 130. "The intention of section 301 is to preempt and abolish any rights under the common law or statutes of a State that are equivalent to copyright and that extend to works coming within the scope of the Federal copyright law. The declaration of this principle in section 301 is intended to be stated in the clearest and most unequivocal language possible, so as to foreclose any conceivable misinterpretation of its unqualified intention that Congress shall act preemptively, and to avoid the development of any vague borderline areas between State and Federal protection." *Id.*

[20] The Seventh Circuit in *ProCd, Inc. v. Zeidenberg*, 86 F.3d 1447, 1455 (7th Cir. 1996), held that a state contract claim was not pre-empted because it contained an element that made it qualitatively different in nature from a copyright claim. In *eBay Inc. v. Bidder's Edge*, 100 F. Supp. 2d 1058, 1072 (N.D. Ca. 2000), the district court held that "the right to exclude others from using physical personal property is not equivalent to any rights protected by federal copyright and therefore constitutes [the necessary] extra element" to avoid pre-emption.

III. THE PUBLIC'S RIGHT TO COPY WORKS IN THE PUBLIC DOMAIN DOES NOT INCLUDE THE RIGHT TO MISLEAD THE PUBLIC AS TO THE SOURCE OF THE WORK.

Amici Intellectual Property Law Professors argue that applying the Lanham Act's prohibition of reverse passing off after a work's term of copyright protection has expired is "a brazen attempt to use the Lanham Act to stifle and penalize the lawful use of a formerly copyrighted work that has entered the public domain."[21] That contention is incorrect.[22] The Lanham Act prevents no one from making a copy of the work; it prevents the deception of the public as to the source or authorship of the work. As *amicus* American Intellectual Property Law Association correctly explains, "while members of the public are free to copy articles in the public domain, they may not market those articles in a manner likely to confuse or deceive consumers as to the origin of the article."[23] Professor McCarthy's Treatise makes the point directly and succinctly:

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[21] Br. of *Amici* Intellectual Property Law Professors at 2.

[22] *Amici* Intellectual Property Law Professors' contention that the Ninth's Circuit "bodily appropriation" test "enable[s] an action to be maintained under the Lanham Act based entirely on the copying of a work in the public domain," Br. at 16, is also incorrect. As shown above, the Ninth Circuit in this case had before it an express finding of false attribution and consumer confusion. The courts below did not find a Lanham Act violation for mere copying.

[23] Br. *Amicus Curiae* of the American Intellectual Property Law Association at 13. *See also* Br. *Amicus Curiae* of the U.S., at 22 ("[T]he [Supreme] Court has also emphasized that the public's right to copy such goods is conditioned by laws, such as the Lanham Act, designed to 'protect businesses in the use of their trademarks, labels, or distinctive dress in the packaging of goods so as to prevent others, by imitating such markings, from misleading purchasers as to the source of the goods.'") (quoting *Bonito Boats v. Thundercraft Boats, Inc.*, 489 U.S. 141 at 154).

> Copyright law gives the author the right to prevent copying of the copyrighted work in any medium. Trademark prevents the use of a similar mark on such goods or services as would probably cause confusion. Thus the scope of rights in copyrights is defined quite differently.[24]

Courts have uniformly held that the end of a copyright term does not categorically terminate protection under the Lanham Act and that copying after the end of a copyright term that leads to consumer confusion may constitute a trademark infringement. For example, in *Fredrick Warne & Co., Inc. v. Book Sales, Inc.*, the district court found that, despite the expiration of the copyright in the well-known series of Peter Rabbit books, plaintiff could nonetheless maintain a trademark infringement suit with respect to character illustrations contained in the books where the defendant's actions went beyond mere copying and caused consumer confusion:[25]

> Defendant argues that its use of the illustrations and marks is legally protected because they are part of copyrightable works now in the public domain. This argument is not persuasive. The fact that a copyrightable character or design has fallen into the

[24] McCarthy on Trademarks and Unfair Competition § 6:14. When Congress enacted the Copyright Revision Act of 1976, it expressly provided that nothing contained in the Act annuls or limits any rights or remedies under any other Federal statute, including the Lanham Act. *See* 17 U.S.C. § 301 (d).

[25] 481 F. Supp. 1191 (S.D.N.Y. 1979). *See also* McCarthy, § 6:12. Courts have rejected the argument that the "trademark of a patented article automatically falls into the public domain when the patent expires." *Id.* § 6: 31. *See also id.* § 6:12. For a discussion of cases holding that expiration of a patent does not preclude Lanham Act protection, see Br. *Amicus Curiae* of the International Trademark Association at 21-22.

> public domain should not preclude protection under the trademark laws so long as it is shown to have acquired independent trademark significance, identifying in some way the source or sponsorship of the goods.[26]

Amici's assertion that works in the public domain may be copied and marketed in a way that misleads the public as to the source or authorship of the work is completely unfounded.

[26] 481 F. Supp. at 1196. The court stated that "the proper factual inquiry in this case is not whether the cover illustrations were once copyrightable and have fallen into the public domain, but whether they have acquired secondary meaning, identifying Warne as the publisher or sponsor of goods bearing those illustrations, and if so, whether defendant's use of these illustrations in 'packaging' or 'dressing' its editions is likely to cause confusion." *Id.* at 1198. *See also Coca-Cola Co. v. Rodriguez Flavoring Syrups, Inc.*, 89 U.S.P.Q. 36, 40 (Chief Examiner 1951) ("Applicant's contention would mean that, on the expiration of the copyright in any matter of this kind, any trademark rights in connection with trademarks which might have been mentioned in the copyrighted matter lapse and pass into the public domain. The mere statement of the proposition is sufficient to show its absurdity."); *Tempo Communications Inc. v. Columbian Art Works, Inc.*, 223 U.S.P.Q. 721, 726 (N.D. Ill. 1983) ("an expired patent or copyright does not convert perpetual trademark protection into perpetual patent or copyright protection.").

CONCLUSION

The judgment of the court of appeals should be affirmed.

Respectfully submitted.

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No. 02-428

IN THE
SUPREME COURT OF THE UNITED STATES

DASTAR CORP.,
Petitioner,

v.

TWENTIETH CENTURY FOX FILM CORP., ET. AL
Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Ninth Circuit

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Amicus Brief of Malla Pollack and Other Law Professors on Question One Supporting Dastar Corp.

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Interest of the *Amici Curiae*

Amici curiae are law professors specializing in trademark, copyright, and related subjects. None of *amici* have any financial interest in the outcome of this litigation.[1] *Amici* provide their institutional affiliations for identification purposes only; they do not purport to represent the opinions or interests of their respective institutions. *Amici*'s sole interest in this case is to encourage the proper unfolding of law in their areas of specialty.

Both parties have given permission for Pollack to file this *amicus* submission. Copies of the permission letters are attached to the proof of service submitted to the Clerk.

Summary of Argument

The plain text of the relevant statute requires reversal in this case. The Ninth Circuit has appropriated Congress' authority by nullifying one element of a statute. Congress wrote Section 43(a)(1)(A) of the Lanham Act, 15 U.S.C. § 1125(a)(1)(A), to require proof of a "likelihood of confusion" before allowing plaintiffs to limit competition due to alleged misstatements of "origin." The Ninth Circuit substitutes a judicially-created irrebuttable presumption of confusion, based solely on copying copyrightable material. In practice, the Ninth Circuit is judicially expanding the right of attribution of the Visual Artists' Rights Act to circumstances expressly excluded by Congress. Finally, the Ninth Circuit's position creates constitutional problems which should not be

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1. No party has authored this brief in whole or in part. The printing of this *amicus* filing was paid for by Malla Pollack with the generous support of the Cecil C. Humphreys School of Law of the University of Memphis.

reached absent the clearest of congressional instructions. This Court should, therefore, reverse and remand with instructions for the Ninth Circuit to adhere to the statute's enacted language.

Argument

I. The Ninth Circuit improperly nullifies the "likelihood of confusion" element required by Section 43(a)(1)(A) of the Lanham Act

The most basic rule of statutory construction is to follow the words of the enacted text. *See, e.g.,* Dept. of Housing & Urban Dev. v. Rucker, 535 U.S. 125, ___, 122 S. Ct. 1230, 1233 (2002)(relying on "plain language of the statute.").

Dastar is a case in which defendant's copying of copyrightable material[2] is attacked as "reverse passing off." The defendant at its own expense manufactured its own physical products, but these independently manufactured products resemble the plaintiffs' products.[3] The products

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2. The Ninth Circuit considered uncredited copying a violation of Lanham Act Section 43(a)(1)(A) even if the material was in the public domain. *See* Twentieth Century Fox Film Corp. v. Entm't Distrib., No. 00-56703, at 3a (9th Cir., April 9, 2002) (remanding only copyright issue) (as reproduced in App. to Dastar's Pet. for Cert.).

3. *See generally*, John T. Cross, *Giving Credit Where Credit Is Due: Revisiting the Doctrine of Reverse Passing Off In Trademark Law*, 72 Wash. L. Rev. 709, 712 (1997) (distinguishing "reverse passing off" cases which involve

embody core copyrightable subject matter. The cause of action at issue, however, is under the Lanham Act, not the Copyright Act. Both the Ninth and Second Circuits permit Lanham Act relief in such cases based merely on copying copyrightable elements, even though these courts may purport to consider the "likelihood of confusion" element of the Lanham Act.[4]

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reselling physical product manufactured by plaintiff from those in which defendant independently manufactures a product which copies plaintiff's). Cross concludes that reverse passing off is not covered by the language of Lanham Act Section 43(a) and is (with the possible exception of unique fine art pieces) an unwarranted drain on competition. *See* Cross, at 711-12. This brief does not raise such general issues.

4. *See, e.g.,* Waldman Publ'g Corp. v. Landoll, Inc., 43 F.3d 775, 781 (2d Cir. 1994) ("Consumer confusion is a separate Lanham Act requirement which we will address below . . . "). *But see id.* at 784 (concluding without analysis that "substantial similarity" creates likelihood of consumer confusion). Both sets of cases purport to grant relief under 15 U.S.C. § 1125(a)(1)(A) as opposed to § 1125(a)(1)(B). *See, e.g.,* LaMothe v. Atlantic Recording Corp., 847 F.2d 1403, 1406 (9th Cir. 1988) (asserting that claim meets first part of 43(a)(1), making analysis of "false advertising," 43(a)(1)(B), unnecessary). The *Dastar* district court based its Lanham Act holding on 15 U.S.C. § 1125(a)(1)(A). *See* Twentieth Century Fox Film Corp. v. Dastar Corp., No. CV 98-7189 FMC, n. 4 at 50a-51a (C.D. Cal., Jan. 4, 2000)(as reproduced in App. to Dastar's Pet. for Cert.).

However, in both lines of cases, the sole support for alleged "likelihood of confusion" is the similarity of copyrightable elements. The Ninth Circuit affirmed Lanham Act judgment against Dastar without any "independent showing that the [video] series manufactured by Dastar resulted in [likelihood of] consumer confusion." Twentieth Century Fox Film Corp. v. Entm't Distrib., No. 00-56703, at 3a (9th Cir., April 9, 2002) (as reproduced in App. to Dastar's Pet. for Cert.). The Ninth Circuit insisted that "the 'bodily appropriation' test subsumes the less demanding 'consumer confusion' standard." *Id.* at 4a (quoting Cleary v. News Corp., 30 F.3d 1255, 1261-62 (9th Cir. 1994))(internal quotation marks omitted). Similarly, the entire "likelihood of confusion" analysis in *Waldman* reads:

> It is inherent in Landoll's conduct that purchasers of the Landoll adaptations of these classic works will, as a result of Landoll's deceitful marketing, mistakenly believe that Landoll created the adaptations.

Waldman Publ'g Corp. v. Landoll, Inc., 848 F. Supp. 498, 504 (S.D.N.Y.), *aff'd*, 43 F.2d 755 (2d Cir. 1994).

The core problem in the analysis used by both the Ninth and Second Circuits is that reproducing copyrightable elements (even those in the public domain) creates an irrebuttable presumption of likelihood of confusion. By using this irrebuttable presumption, both Circuits functionally nullify one element of 15 U.S.C. § 1125(a)(1)(A).

Congressionally unauthorized irrebuttable presumptions amend statutes unconstitutionally. This Court rejected a similar interpretive move in Dep't of the Interior v. Klamath Water Users Protective Assn., 532 U.S. 1, 12 (2001). The Department's position transformed the Freedom of Information Act's term "intra-agency" into a "purely conclusory term, just a label to be placed on any document

the Government would find it valuable to keep confidential." *Id.* This Court recognized the absence of any "textual justification for draining [that] condition of independent vitality." *Id.* Similarly, the circuits lack any textual justification for draining "likelihood of confusion" of any independent vitality in 15 U.S.C. § 1125(a)(1)(A).

Even rebuttable presumptions must be supported by "common sense and probability," hopefully confirmed by empirical studies. *See* Basic Inc. v. Levinson, 485 U.S. 224, 245-46 (1988) (accepting rebuttable presumption). "Sweeping presumptions" which do not "comport[] with common sense and probability" are properly rejected. *See* U.S. Dep't of Justice v. Landano, 508 U.S. 165, 175 (1993) (rejecting proffered presumption; internal editing omitted).

The presumption at issue is both irrebuttable and factually unsupported. Neither the Ninth nor Second Circuits refer to any empirical "studies" as to whether the public cares if institutional "authors," editors, publishers, etc., are named on later versions of video tapes and books. The plaintiffs did not introduce survey evidence on this issue. No relevant likelihood of confusion exists if the public does not care who edited (or re-edited) these film clips, many of which "originated" with military personnel and were "originally" lodged in the National Archives.[5]

In sum, Congress requires proof of likelihood of confusion before granting relief pursuant to 15 U.S.C. § 1125(a)(1)(A). The Ninth Circuit's and Second Circuit's irrebuttable presumption that confusion is likely, based solely

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5. Dastar's tapes credit the National Archives. Defendants' credit the United States Army, Navy, and Coast Guard. Both sets of tapes were docketed by the Ninth Circuit on March 8, 2002.

on similarity, unacceptably rewrites the statute. This irrebuttable presumption changes the Lanham Act into a ban against reusing copyrightable material without attributing it to an unspecified, open-ended host of previous authors, publishers, and related functionaries – even when copying is allowed by the Copyright Act.

II. The Ninth Circuit improperly nullifies the very limited scope of the Visual Artists' Rights Act

Further, the Ninth Circuit's (and Second Circuit's) construction of Section 43(a)(1)(A) to include a right of attribution nullifies the congressionally crafted limits of the Visual Artists' Rights Act, codified at 17 U.S.C. § 106A.

Statutes must be read in context, including considering more recent and more specific enactments. "Specific policy embodied in a later federal statute should control [Court] construction" of an earlier, more generalized law. United States v. Estate of Romani, 523 U.S. 517, 530 (1998). *See also* Food & Drug Admin. v. Brown & Williamson Tobacco Corp., 529 U.S. 120, 133 (2000) ("[T]he meaning of one statute may be affected by other Acts, particularly where Congress has spoken subsequently and more specifically to the topic at hand.").

The language at issue in the Lanham Act dates from the Trademark Law Revision Act of 1988, effective Nov. 16, 1989. *See* Pub. L. 100-667, Sec.132 (completely changing text of 15 U.S.C. § 1125(a)(1), Section 43(a)(1) of the Lanham Act).[6] Attribution rights for copyrightable subject

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6. The only later modification was to the numbering, not the wording, of § 1125(a)(1). *See* Pub. L. 102-542, Section 3(c) (effective with respect to violations occurring on or after October 27, 1992).

matter were directly addressed in the more recent Visual Artists' Rights Act of 1990 ("VARA"), Pub. L. 101-650. The general language of Section 43(a)(1)(A) should, therefore, be read in light of the more recent, much more specific, provisions of VARA, codified at 17 U.S.C. § 106A.

The *Dastar* case involves audiovisual works. *Waldman* involves new editions of classic children's books. In both cases, the court required that the second publisher attribute the work to another entity – without relying on the Copyright Act. Copyright Act Section 106A (a)(1)(A),[7] creates such a right of attribution, independent of any showing that confusion is likely. That statutory attribution right, however, is expressly limited to "works of visual art" which are defined to include only works created in limited editions; the definition, additionally, expressly excludes "any . . . motion picture or other audiovisual work, book, ..." and "any work made for hire."[8] The works at issue in *Dastar* (and *Waldman)* are, therefore, expressly denied attribution rights by a more targeted, later statute.[9]

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7. "Subject to section 107 and independent of the rights provided in section 106, the author of a work of visual art – (1) shall have the right – (A) to claim authorship of that work." 17 U.S.C. § 106A.

8. 17 U.S.C. § 101 (definition of "work of visual art," paragraphs (A)(1) and (B) following phrase "[a] work of visual art does not include.").

9. *Dastar* turns on proper construction of current statute. It does not turn on whether Congress would have been

This denial of attribution rights is not a congressional oversight or a clerical error. The deliberative nature of these exclusions is emphasized repeatedly in the accompanying House Report. The final bill clarified "who is specifically excluded from the bill."[10]

> The definition of a work of visual art is a critical underpinning of the limited scope of the bill. As Representative Markey testified, "I would like to stress that we have gone to extreme lengths to very narrowly define the works of art that will be covered ***[T]his legislation covers only a very select group of artists."[11]

The Report explains that "[m]otion pictures and other audiovisual works" are carefully excluded from VARA because of "critical factual and legal differences in the way visual arts and audiovisual works are created and disseminated," differences which have "important practical consequences."[12] Primarily, motion pictures are "collaborative effort[s]," where granting attribution rights to the multiple entities involved might "conflict with the distribution and marketing" of copies[13] – as happened in *Dastar*.

In sum, even if Lanham Act Section 43(a)(1)(A) were ambiguous, it should be construed in harmony with VARA by following Congress' decision not to provide attribution rights to more than a handful of copyrightable works, not including those at issue in *Dastar*.

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more faithful to the Berne Convention if it had enacted broader attribution rights, or whether Congress should now enact broader rights. Congress plainly stated that it, not the courts, should make such decisions. *See* Pub. L. 100-568, Berne Convention Implementation Act of 1988, Sec. 2 (1) (declaring Convention "not self-executing"); *id.* Sec. 3(a) ("The provisions of the Berne Convention . . . (2) shall not be enforceable in any action brought pursuant to the provisions of the Berne Convention itself."); *id.* Sec. 3(b) ("The provisions of the Berne Convention, the adherence of the United States thereto, and satisfaction of any United States obligations thereunder, do not expand or reduce any right of an author of a work . . . (1) to claim authorship of the work . . .").

10. H. Rept. 101-650 at 7 (101st Cong., 2d Sess.), *reprinted in* 1990 USCCAN 6915, 6917.

III. The Ninth Circuit's nullification of statutory language creates unnecessary constitutional problems by enabling perpetual copyright protection.

The central issue in this case is whether federal courts may change statutes even when such amendment pushes the edges of constitutional limits. Such judicial activism seems

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11. *Id.* at 10-11, 1990 USCCAN at 6920-2621 (quoting subcommittee hearing) (editing in USCCAN).

12. *Id.* at 9; 1990 USCCAN at 6919.

13. *Id.*

contrary to standard rules of statutory construction. Respect for Congress requires the Court to refuse even "an otherwise acceptable construction of a statute" which raises "serious constitutional problems" whenever "an alternative interpretation of the statute is 'fairly possible.'" INS v. St. Cyr, 533 U.S. 289, 299-300 (2001)(citations omitted); Vt. Agency v. United States *ex rel* Stevens, 529 U.S. 765, 787 (2000) (same); Ashwander v. TVA, 297 U.S. 288, 348 (1936) (Brandeis, J., concurring) ("When the validity of an act of the Congress is drawn into question, . . . it is a cardinal principle that this Court will first ascertain, whether a construction of the statute is fairly possible by which the question may be avoided.")(citation omitted).

Courts require especially clear language before reading a statute to press Congress' constitutional limitations. *See St. Cyr*, 533 U.S. at 299 ("[W]hen a particular interpretation of a statute invokes the outer limits of Congress' power, we expect a clear indication that Congress intended that result"; invoking "plain statement rule."). Without extremely clear statutory language, the Court will not assume "that Congress intended to infringe constitutional liberties or usurp power constitutionally forbidden it." DeBartolo Corp. v. Fla. Gulf Coast Bldg. & Constr. Trades Council, 485 U.S. 568, 575 (1988)(invoking canon to prevent First Amendment question regarding "truthful[]" handbills). No such clear language backs the Ninth and Second Circuits' interpretation of 15 U.S.C. § 1125(a)(1)(A), but their interpretation creates a constitutional issue.

Copyrights, like patents, are constitutionally allowable only for "limited times." U.S. Const. Art. I, sec. 8, cl. 8. Lanham Act Section 43(a), however, has no time limit. If Congress chose to bypass "limited times," this Court

would need to decide if such action was constitutional.[14] Congress, however, has not taken such action – the Ninth and Second Circuits have.

The proper length of copyrights' "limited times" is a decision assigned to Congress, not the courts. *See* Eldred v. Ashcroft, Slip. Op. at 14, No. 01-618 (U.S. Jan. 15, 2003). However, when copyrights' limited rights end, they end. *See, e.g.,* Kellogg Co. v. Nat'l Biscuit Co., 305 U.S. 111, 120 (1938) ("It is self-evident that on the expiration of a patent the monopoly created by it ceases to exist, and the right to make the thing formerly covered by the patent becomes public property.") (quoting Singer Mfg. Co. v. June Mfg. Co., 163 U.S. 169, 185 (1896)); *accord,* Bonito Boats, Inc. v. Thunder Craft Boats, Inc., 489 U.S. 141, 152 (1989). The public has a right to copy and use material not protected by patent or copyright. Such use is "the essence of copyright"

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14. Presumably such a decision would require clarifying the relationship between Article I's limits and the Treaty Power, U.S. Const., Art. II, sec. 2. *Compare* Missouri v. Holland, 252 U.S. 416, 432-35 (1920) (relying on a treaty to uphold a federal statute outside Commerce Clause power as then understood) *with* Boos v. Berry, 485 U.S. 312, 324 (1988) (holding that international agreements regarding treatment of diplomats do not constitute a "compelling interest" justifying limits on picketing embassies); Reid v. Covert, 354 U.S. 1, 17 (1957) ("This Court has regularly and uniformly recognized the supremacy of the Constitution over a treaty.")(citations omitted). The Commerce Clause alone cannot bypass "limited times." *See* Ry. Labor Executives Ass'n v. Gibbons, 455 U.S. 457, 468-69 (1982)(disallowing use of Commerce Clause to bypass uniformity limit in Bankruptcy Clause).

and a constitutional requirement. Feist Publ'ns, Inc. v. Rural Tel. Svc. Co., 499 U.S. 340, 349-50 (1991); *see also Bonito Boats*, 489 U.S. at 152 ("We have long held that at the expiration of a federal patent, the subject matter passes to the free use of the public as a matter of federal law."). The extent of the public's right is, however, unclear.

This Court has suggested in dicta that government might have the power to require later users of uncopyrighted and unpatented *res* to take some steps to limit consumer confusion. *See, e.g., Bonito Boats*, 489 U.S. at 165 ("States may place limited regulations on the use of unpatented designs in order to prevent consumer confusion as to source."); *Nabisco*, 305 U.S. at 120 ("The question remains whether Kellogg Company, in exercising its right to use the name 'Shredded Wheat' and the pillow-shaped biscuit, is doing so fairly. . . . in a manner which reasonably distinguishes its product from that of plaintiff."). Therefore, some labeling requirement or disclaimer might be constitutional if required by statute.

However, at some point, a labeling requirement, especially one that is unclear or imposed *ex post*, might impose an unacceptable burden on the public's right to copy. A judicially mandated labeling requirement is more likely to stumble over constitutional limits than a statutory one. If Congress chose to create such a labeling requirement, it would presumably write a clear statute, thus providing the notice necessary to prevent chilling effects from over-depressing competition. *See* Wal-Mart Stores, Inc. v. Samara Bros., Inc., 529 U.S. 205, 214 (2000) ("Competition is deterred, however, not merely by successful suit but by the plausible threat of successful suit," therefore, the Court refuses to accept a vague test for Lanham Act protectibility of product aspects). The constitutional limit of such a labeling requirement is not presented in this case. This case presents a much easier issue.

This case involves courts, not Congress, making uncredited reuse of copyrightable works into Lanham Act violations without any showing whatever that consumer confusion is likely – even though Congress included such an element in the statute. Instead of reading statutes to minimize constitutional issues, the Ninth and Second Circuits have ignored statutory language and, thereby, raised unnecessary constitutional questions. This Court, therefore, should enforce the statute's boundaries.

Conclusion

For all the reasons discussed above, this Court should reverse and remand with instructions for the federal judiciary to follow the language of Lanham Act Section 43(a)(1)(A).
Respectfully submitted: February _____ , 2003.

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